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# **Daily Report**

# **China**

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# Daily Report

## China

FBIS-CHI-95-105

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## General

### Foreign Ministry Holds Weekly News Conference

#### On Taiwan Officials' Visits

HK0106102495 Hong Kong AFP in English  
0955 GMT 1 Jun 95

[FBIS Transcribed Excerpt] Beijing, June 1 (AFP)—China condemned Thursday the Canadian government's decision to allow a private visit by Taiwanese Vice Premier Hsu Li-te, warning that it posed a serious challenge to China's sovereignty.

At the same time, Foreign Ministry spokesman Chen Jian strongly refuted Washington's assertion that Beijing had overreacted to the Clinton administration's decision to allow a similar visit to the United States by Taiwanese President Li Teng-hui.

Switching the focus to Washington, Chen refuted an accusation by U.S. Assistant Secretary of State for East Asian and Pacific Affairs Winston Lord that China had "overreacted" to Clinton's decision by cancelling high-level military visits and postponing talks on controlling missile technology.

China was "wholly justified" in its retaliation and would continue to "take measures" as the development of the situation warranted, Chen said.

If Washington continues to cling to its "erroneous decision," the result will have serious consequences for the bilateral relationship, for which the U.S. side must bear full responsibility, he added.

Nationalist forces fled to Taiwan after a losing a civil war to the Communists on the Chinese mainland in 1949.

#### On Hsu Li-te's Canada Visit

OW0106085695 Beijing XINHUA in English  
0848 GMT 1 Jun 95

[FBIS Transcribed Text] Beijing, June 1 (XINHUA) — The Canadian Government's decision to permit Hsu Li-te, the so-called Vice Premier of the Executive Yuan of Taiwan, to visit Canada is a grave incident aimed at creating "two Chinas" or "one China, one Taiwan", a Chinese Foreign Ministry spokesman said here today.

"We have already solemnly made representations and lodged a protest with the Canadian Government over this action taken by the Canadian side in violation of the principles set forth in the Sino-Canadian communique on the establishment of diplomatic relations," Spokesman Chen Jian told a weekly news conference this afternoon when asked to comment on Hsu's visit.

"The question of Taiwan bears on the sovereignty and reunification of China," he noted.

The Taiwan authorities have spared no effort in playing tricks on the international arena and aggressively pursued "elastic pragmatic diplomacy," the essence of which is to create "two Chinas" or "one China, one Taiwan", he said.

"Hsu Li-te's visit to Canada, in whatever capacity, pretext or form, is designed to create 'two Chinas' or 'one China, one Taiwan', to which the Chinese Government and people are firmly opposed," the spokesman said.

#### Further on Hsu Li-te Visit

OW0106110095 Beijing XINHUA Domestic Service  
in Chinese 0945 GMT 1 Jun 95

[FBIS Translated Text] Beijing, 1 Jun (XINHUA) — The Canadian Government's decision to permit Xu Lide [Hsu Li-te] of Taiwan to visit Canada is a grave incident aimed at creating "two Chinas" or "one China, one Taiwan", Foreign Ministry spokesman Chen Jian said here today.

At a news conference held this afternoon, a reporter asked the spokesman what attitude he would adopt toward the Canadian Government's decision.

Chen Jian said, "The Canadian Government's decision to permit Xu Lide, the so-called 'vice premier of the Executive Yuan' of Taiwan is a grave incident aimed at creating "two Chinas" or "one China, one Taiwan." We have already made solemn representations and lodged a protest with the Canadian Government over its action, which violates the principles set forth in the Sino-Canadian communique on the establishment of diplomatic relations."

He said, "The question of Taiwan bears on the sovereignty and reunification of China. The Taiwan authorities have been constantly playing tricks in the international arena and have spared no effort in pursuing 'elastic pragmatic diplomacy,' the essence of which is to obstruct the reunification of China. Xu Lide's visit to Canada, in whatever capacity, pretext, or form, is designed to create 'two Chinas' or 'one China, one Taiwan,' to which the Chinese Government and people are firmly opposed."

#### On Human Rights, Tiananmen

HK0106110095 Hong Kong AFP in English  
1045 GMT 1 Jun 95

[FBIS Transcribed Text] Beijing, June 1 (AFP)—The Chinese government said Thursday that attempts to overturn the verdict on the brutal suppression of the June

1989 pro-democracy movement were meaningless and devoid of popular support.

The statement followed the recent circulation of a series of petitions by dissidents and intellectuals calling for a full investigation into the massacre of hundreds of students six years ago, as well as basic human rights guarantees.

Stressing that a "clear-cut conclusion" had been drawn on the military action on the night of June 3-4, 1989, Foreign Ministry spokesman Chen Jian said that "continuing to make trouble on this issue is of no positive meaning."

"The vast majority of Chinese people prefer to go forward and to make China better," he added.

The official verdict on the 1989 protests in Tiananmen Square condemned the pro-democracy movement as a "counter-revolutionary riot" — a label that human rights groups have described as a euphemism used to justify the imprisonment of many people who are actually victims of human rights violations.

On the question of the petitions themselves, Chen reiterated that China's constitution guaranteed the rights of citizens to appeal to the government, but added that the judicial authorities were "also entitled to take action against those things in violation of Chinese laws."

The appearance of the petitions has resulted in a major crackdown by the authorities in the past two weeks, with as many as 50 people being detained or pulled in for questioning by the police in Beijing and other cities.

#### **Will Not Confirm ICBM Test**

*OW0106105895 Tokyo KYODO in English  
1028 GMT 1 Jun 95*

[FBIS Transcribed Text] Beijing, June 1 (KYODO) — China's Foreign Ministry refused Thursday [1 June] to confirm whether its military recently test-fired a mobile-launched intercontinental ballistic missile (ICBM) and denied that China poses a military threat to its neighbors.

"I'm not aware of the launching of an ICBM," ministry official Chen Jian said, adding China's military expenditures and forces are limited.

The question was raised in response to a report by Japan's SANKEI SHIMBUN newspaper that China on May 29 test-fired a "Dongfeng 31" — its first ICBM capable of traveling up to 8,000 kilometers, as far as the west coast of the United States or to Europe — from a mobile launcher.

On Wednesday, a Japanese Government spokesman "tentatively confirmed" that the government had de-

tected such a test but said it would not make representations to the Chinese government.

Japan blasted a Chinese underground nuclear test last month and decided to cut its 1995 aid to China.

Chen, however, maintained China's right to develop its armed forces for the purpose of self-defense.

He also blasted a reported U.S.-Russia plan to jointly cooperate in a theater ballistic missile defense (TBMD) system, a system which theoretically would be able to destroy incoming nuclear warheads, saying such a system would not benefit the regional or global strategic balance.

"We are of the view that the thus-proposed TBMD will trigger a new round of arm races and will do no good to the nuclear disarmament process. Therefore we are concerned with this and we hope the relevant parties will act with prudence," he said.

#### **Denies Providing Arms to Rwanda**

*OW0106091595 Beijing XINHUA in English  
0904 GMT 1 Jun 95*

[FBIS Transcribed Text] Beijing, June 1 (XINHUA) — Chinese Foreign Ministry Spokesman Chen Jian said here today the report alleging that China has supported and participated in the rearming of the former government troops and militia of Rwanda is "a pure fabrication with ulterior motives".

"The Chinese Government has strictly abided by Resolution 918 of the United Nations Security Council on imposing arms embargo on Rwanda and never provided any arms to any faction in Rwanda," Chen Jian told a weekly news conference here this afternoon.

Some correspondents asked the spokesman to confirm a report released recently by The Human Rights Watch, a United States human rights organization, which alleges that China has supported and participated in the rearming of the former government troops and militia of Rwanda.

"The above-mentioned allegation against China made by the U.S. human rights organization is a pure fabrication with ulterior motives and is deliberately designed to sow discord and undermine friendship between China and Rwanda," he stated.

#### **'Progress' on SRV Border Talks**

*OW0106094095 Beijing XINHUA in English  
0932 GMT 1 Jun 95*

[FBIS Transcribed Text] Beijing, June 1 (XINHUA) — A Chinese Foreign Ministry Spokesman said here

today that the recent Sino-Vietnamese land boundary talks achieved progress.

The spokesman, Chen Jian, made the statement at a weekly press conference when asked to comment on the Sino-Vietnamese land boundary talks, which were described by the Vietnamese side as having achieved "positive progress".

The Sino-Vietnamese Land Boundary Joint Working Group held its fifth round of talks in Hanoi from May 22 to 27, the spokesman said, adding that the talks were conducted in a "friendly, frank and pragmatic atmosphere".

The two sides discussed issues concerning the land boundary between the two countries and achieved some progress, Chen said.

He said the two sides were satisfied with the result of the talks.

#### **Official To Visit 3 Countries**

*OW0106084995 Beijing XINHUA in English  
0837 GMT 1 Jun 95*

[FBIS Transcribed Text] Beijing, June 1 (XINHUA) — At the invitation of the Governments of Australia and New Zealand, and of Lee Hsien-loong, Deputy Prime Minister of Singapore, Vice-Premier Zou Jiahua will pay a visit to the above-mentioned three countries from June 11 to 28.

Chinese Foreign Ministry Spokesman Chen Jian made the announcement at the weekly press conference here this afternoon.

#### **Netherlands Official To Visit**

*OW0106090095 Beijing XINHUA in English  
0850 GMT 1 Jun 95*

[FBIS Transcribed Text] Beijing, June 1 (XINHUA) — Prime Minister of the Kingdom of the Netherlands Wim Kok will pay an official visit to China from June 14 to 20 at the invitation of Chinese Premier Li Peng.

This was announced here today by the Chinese Foreign Ministry spokesman.

#### **UNICEF Commends Child Development Efforts**

*OW3105134695 Beijing XINHUA in English  
1253 GMT 31 May 95*

[FBIS Transcribed Text] Beijing, May 31 (XINHUA) — China has made significant headway in children's development, said Farid Rahman [spelling of name as received], representative of the United Nations Children's Fund (UNICEF) to China.

In an interview with XINHUA here, Rahman said that China is leading the developing world in promoting the cause of the world's children.

China was one of the initiating countries of the principle "Children First", he said. Chinese Premier Li Peng signed the declaration for the World Summit for Children, on behalf of the Chinese government in March 1991. China has ratified the Convention On the Rights of the Child and has approved a national program of action for children, with 10 major goals to be achieved by the year 2000. In addition, China has passed laws on compulsory education for and the protection of juveniles. It will also put into effect the "Maternal and Infant Health Care Law" from June 1 this year.

Statistics show that China has now achieved or is achieving nine of the 12 mid-decade goals for children in the 1990s set by the East Asian and Pacific countries in 1993. They include an expanded program of immunization, elimination or reduction of such diseases as measles and polio.

"These are unprecedented achievements for a country with 1.2 billion people, of whom nearly 300 million are children," said Rahman.

He expressed the belief that China will achieve the desired results in implementing the mid-term goals set in the country's 1990s program for children's development.

China began co-operation with UNICEF in 1979. Since then UNICEF has provided China with nearly 200 million US dollars in technical assistance, mainly for projects concerned with improving primary education, health care for women and children, and other social services.

According to Rahman, for China as for other countries there is much more to be done to improve the situation.

As the Fourth World Conference on Women is to be held here soon, Rahman said, girl children and their specific needs should be put into the conference agenda. In China, greater educational opportunities should be provided for girls in remote rural areas.

Rahman expressed the hope that efforts would be further made by China to provide oral rehydration therapy and eliminating iodine deficiency disorders (idd), which especially endanger the health of women and children.

Statistics show that over one billion people live in idd regions worldwide; among them are 400 million in China. "China has been promoting idd elimination, which is crucial for worldwide idd elimination by the year 2000," said Rahman.

"With a deep commitment to children, the Chinese government and many Chinese nongovernmental organizations are taking further action for children's development, which will ensure a prosperous future for Chinese children," Rahman said confidently.

He said that UNICEF will go on supporting China's child development efforts. It will provide China with assistance in achieving the national goals for children from now on to the year 2000, for example, in the universalization of basic education, as well as expansion of immunization services and reduction of infant mortality.

#### **Li Peng Greets World Meteorological Congress**

*OW0106020095 Beijing XINHUA Domestic Service in Chinese 0926 GMT 30 May 95*

[FBIS Translated Text] Geneva, 30 May (XINHUA) — On the occasion of the opening of the 12th World Meteorological Congress [WMC] sponsored by the World Meteorological Organization [WMO] in Geneva on 30 May, Li Peng, premier of the PRC State Council, sent a message congratulating the opening of the congress. The message reads in full as follows:

Professor Obasi, WMO secretary general, and the 12th WMC:

On the occasion of the opening of the 12th WMC, I, on behalf of the PRC Government, extend warm congratulations to the congress.

The WMO has made positive contributions to promoting international cooperation in meteorology and hydrology and particularly to the development of meteorological and hydrological undertakings in developing countries. The Chinese Government expresses its appreciation in this regard.

As always, the Chinese Government will actively participate in and support WMO's activities and will make efforts in this regard.

During his term as WMO chairman, Mr. Zou Jingmeng [director of China's Meteorological Administration] has received vigorous support from you and the meteorological and hydrological departments of various countries. I express thanks for this.

I wish the 12 WMC a complete success!

#### **Large Numbers Expected at Science Conference**

*OW0106090795 Beijing XINHUA in English 0855 GMT 1 Jun 95*

[FBIS Transcribed Text] Beijing, June 1 (XINHUA) — Nearly 1,000 scientists from the Pacific region are expected to gather here next week for a conference on

environmental, resources, population, developmental, and scientific issues.

Sun Shu, vice-chairman of the Organizing Committee of the 18th Pacific Science Conference (PSC), announced today that the conference of the Pacific Science Association (PSA) is scheduled for June 5 to 12,

Scientists from 50 countries or regions in the Pacific rim are scheduled to present 1,300 papers on a wide range of subjects, including natural and social sciences, engineering, medicine, health, education, culture, and arts, Prof. Sun said.

"Seven keynote speeches are to be presented during the conference, on global climate and environment, exploitation and conservation of resources, biodiversity, disaster prevention, population, education and culture, sustainable development, south-north cooperation, and global information infrastructure," he said.

"Specific seminars will deal with some 20 different branches of science," he added.

Some noted scientists, such as Nobel Prize winner Tsung-Dao Lee from the United States, and Tsuneo Katayama from Japan, have been invited to the conference.

The title of the speech which Katayama is expected to deliver is "The 1995 Hanshin Earthquake of Japan — What Should We Learn from It?"

Among the Chinese attendants who have been asked to speak, State Councillor Peng Peiyun will deliver a speech on population and development in China.

The PSC is held every four years by PSA, a nongovernmental multi-faceted scientific organization of the Pacific rim which was set up 75 years ago in the United States.

#### **Tianjin University To Expand Foreign Cooperation**

*OW0106090195 Beijing XINHUA in English 0839 GMT 1 Jun 95*

[FBIS Transcribed Text] Tianjin, June 1 (XINHUA) — Tianjin University, a major university in the fields of science and engineering, plans to expand its links with the outside world.

The 100-year-old university has, since 1986, undertaken long-term academic exchanges with some 60 famous universities and colleges in over 20 countries.

Li Zengwu, assistant to the president of the university, said that the university has sent more than 2,000 faculty members abroad to give lectures, pursuing further study,

or do research in 62 countries and regions, and some 100 professors to attend international conferences.

Those who returned include 112 who have been rewarded for scientific discoveries, while four out of the six president and vice-presidents here are returned professors, he said.

The university has also invited over 150 foreign experts to work at the university and appointed 16 world famous scientists as honorary professors. Experts have given 1,600 lectures for Chinese students here.

To date, nearly 1,000 foreign students from 51 countries have come to study at the university, and more international exchange and co-operation programs will be set up to further develop the system of opening to the outside world.

### United States & Canada

#### Further on Li Teng-hui's Upcoming U.S. Visit

##### Visit To 'Harm U.S. Ties'

HK0106015195 Beijing CHINA DAILY in English  
31 May 95 p 4

[By Li Rong: "Li's Visit Will Harm US Ties Around the World"]

[FBIS Transcribed Text] The United States Government will lose the trust not only of the Chinese and American people, but also the world nations with its unreasonable decision allowing Li Teng-hui to visit the country.

Permitting Li's visit, the US Government broke its promise to admit "only one China" and not to conduct any official relationship with Taiwan.

Just On May 12, a US State Department spokesperson stated definitely that it was "not appropriate and impossible" for Li to visit the United States.

He said that a visit by a person of Li Teng-hui's title, whether or not the visit were termed "private," would unavoidably be seen as changing the unofficial nature of US-Taiwan relationship and would endanger one of the critical underpinnings of its unofficial relationship with Taiwan on the one hand and its official relationship with the PRC on the other.

However, only 10 days after the statement, the US Government went back on its word when another spokesperson said that Li's visit was entirely "private" so that the United States' permission on Li's visit was "in full accordance with the three Sino-US joint communiques."

It is surprising that the US administration made such a dramatic U-turn in such a short time. For years since the

1970s, it has stated that it will hold the "only one China" policy and maintain only "unofficial relations with the people of Taiwan." It is a shame for it to break faith with China.

It is well known that keeping promises is essential to international contacts. Breaking the rule, the US Government has discredited itself in the world, harmed Sino-US relations and unavoidably hurt its own fundamental interests.

It has been recognized by the United Nations and the international community including the United States that there is only one China in the world, Taiwan is an inalienable part of Chinese territory and the Government of the People's Republic of China is the sole legitimate government representing the whole of China.

The United States' permission for Li to visit has contradicted the principle and will be spurned by not only the Chinese people but also by the world's nations.

Some people in the United States calculate that China will swallow the bitter fruit because it needs the United States. This only reveals their ignorance about history and reality.

For over a century the Chinese people struggled intently for independence and sovereignty. To the Chinese people nothing is more important than state sovereignty and reunification of the motherland.

In order to uphold national sovereignty and achieve reunification, the Chinese Government and people are ready to stand against any odds.

The people of Taiwan also have been desiring peaceful reunification of the Chinese mainland and the Taiwan island. They will never approve the United States' action of splitting China, which aims only to keep Taiwan within the US's sphere of influence.

The Chinese Government attaches importance to Sino-US relations and has made continuous efforts toward their improvement and growth.

The irresponsible action of the US Government will harm the relations between China and the US, and in the end, will hurt the US people.

##### Beijing 'Readjusting' Policy

HK0106102395 Hong Kong WEN WEI PO in Chinese  
1 Jun 95 p a2

[ "Special Interview" by staff reporter Yang Fan (2799 1581): "China Is Correspondingly Readjusting Its Co-operation With the United States — Interviewing Zhang

**Yebai, Research Fellow of the CASS American Studies Institute"]**

[FBIS Translated Text] Beijing 31 May (WEN WEI PO) — The fact that the Clinton administration recently granted Li Teng-hui a visa to visit the United States has roused close concern and strong reaction among Chinese scholars. Zhang Yebai [1728 0048 4101], an expert in American issues here, believes that it is really sad for the United States, the number one world power, to contradict itself, with its reputation going down the drain.

Zhang Yebai is a research fellow of the American Studies Institute under the Chinese Academy of Social Sciences [CASS], director of the Research Center for U.S. Diplomatic Affairs, and concurrently executive director of Society for China-U.S. Studies.

#### **Why Has the United States Changed [gai bian 2395 6239] Its Policy Toward China**

There are different analyses among scholars in China regarding the backdrop of the U.S. decision. One view believes that the United States made the decision out of strategic considerations. While forcing China, the only socialist power left in the world, to do its bidding, the United States found that neither the "economic relations and trade card" nor the "human rights card" seemed to work; thus it has resorted to playing the "Taiwan card." Another view attributes it to the domestic political situation in the United States. In Zhang Yebai's view, the chief cause lies in the changes in the political situation within the United States and pressure from the U.S. Congress.

According to Zhang, for some time now some people in the United States have changed their views on Taiwan, praising its economic development, advocating [gu chui 7849 0706] Taiwan's so-called progress in political democratization, and finding it unfair for Taiwan to be in its present position in the international community. To a certain extent, this has been the result of Taiwan's lobbying in the United States and its "dollar diplomacy" over the past two years.

At the same time, there is a view in the United States that regards China as a potential threat, and the voice of opposing compromise with China has been unbridled for some time. Since the midterm elections in the United States last year, Congress' tendency to lean toward Taiwan has made itself more keenly felt with each passing day. They [as published] are not satisfied with the U.S. Government readjusting [tiao zheng 6148 2419] its policy toward Taiwan, while setting Li Teng-hui's visit to the United States and supporting Taiwan's return to the United Nations as their goals. Obviously,

it will be very difficult to realize the latter goal, so they have focused their efforts on making a breakthrough regarding the former.

In the United States, the Republicans and Democrats used to have separate control over Congress and the government; for their own interests, the two parties have often quarreled and attacked each other on domestic issues and diplomatic policies. Since 1989, U.S. policy toward China has all along been used as a tool in party struggles. In particular, most of the members of the Clinton Administration grew up in the postwar era, and their diplomatic policies have more often than not been influenced by domestic politics; consequently, such policies often seem to be inconsistent and contradictory.

#### **There Is No Room for China To Make Any Concessions**

According to this senior expert on U.S. affairs, since the normalization of diplomatic relations between China and the United States in 1979, on three occasions the United States has made major retrogressions [da dao tui 1129 0227 6622] on the Taiwan issue: The first was when Bush announced the sale of a large number of F-16 fighters to Taiwan; the second was the U.S. readjustment [tiao zheng] of its policy toward Taiwan in September 1994, by elevating the standard [ti gao gui ge 2251 7559 6016 2706] of U.S.-Taiwan relations; and the third occasion was precisely the United States granting a visitor visa to Li Teng-hui, which was a grave step [yan zhong bu zhou 0917 6850 2975 7532] to damage [po huai] Sino-U.S. relations, and a grave challenge [yan zhong tiao zhan 2176 2069] to China's sovereignty, national dignity, and the efforts of Taiwan and the Mainland to realize the reunification of the motherland.

The Chinese Government has adhered to the "one China" principle; on that point there is no flexibility to discuss, nor is there room for any concessions. Zhang Yebai indicated that because of the U.S. action, China might react to it in its policy toward the United States in two aspects:

First, China has lost its trust in the United States and has great doubts about U.S. policy toward China; thus deepening its understanding in U.S. policy toward China, characterized by its efforts in westernizing [xi hua 6007 0553] and splitting [fen hua 0433 0553] China, while believing that the "Taiwan card" the United States is playing precisely embodies the combination of "westernizing" and "splitting" [liang hua 0357 0553].

Second, China is to consider whether or not it will take a cooperative attitude [he zuo tai du 0678 0155 1966 1653] toward the United States on certain specific

issues. For example, the issue of the security of the Asia-Pacific Region is on the rise in U.S. diplomatic decision making; without the cooperation of China, the United States will lose many interests on such issues as the Korean Peninsula, Nansha Qundao [the Spratly Islands], the arms race, and security mechanisms. Zhang Yebai also believes that whether it be the security issue or the economic arena, stable Sino-U.S. relations are where the interests of the two sides lie; otherwise, the loss to either side will be very great. Basically, Zhang holds the following view: People should not be overly optimistic when Sino-U.S. relations are on the rise and developing; nor should they be overly pessimistic when this relationship is in a low ebb. Since 1989, Sino-U.S. relations have been in a stage of recovery and development, despite the fact that the new foundation is not that consolidated. But from a long-range view, the development of Sino-U.S. relations will always progress in zigzags and ups and downs.

#### **Correction to Visit 'Erroneous Decision'**

HK3105053295

The following correction pertains to the item headlined "Visit 'Erroneous Decision,'" published in the 30 May China DAILY REPORT, page six:

Page six, column two, paragraph one, sentence two, make read: ...serious move of flagrantly violating the three Sino-U.S. Joint Communiques, harming China's sovereignty, and damaging its cause of peaceful reunification. [gong ran wei fan zhong mei san ge lian he gong bao, sun hai zhong guo zhu quan, po huai zhong guo he ping tong yi de yan zhong xing wei 0361 3544 6672 0646 0022 5019 0005 0020 5114 0678 0361 1032, 2275 1364 0022 0948 0031 2938, 4275 0975 0022 0948 0735 1627 4827 0001 4104 0917 6850 5887 3634]. The Chinese Government... (rewording, providing pinyin and stc's)

#### **Correction to Visit To Create 'Crisis'**

HK3105053095

The following correction pertains to the item headlined "Visit To Create 'Crisis,'" published in the 30 May China DAILY REPORT, pages 10 and 11:

Page 11, column one, paragraph three, sentence 4, make read: ... Li Teng-hui's visit has damaged Sino-U.S. relations, and this is bound to have a negative impact on the current atmosphere of cross-strait ties. (rewording)

#### **Expert on U.S. Congress MFN Renewal Stance**

HK0106014495 Beijing CHINA DAILY in English  
31 May 95 p 5

[By Sun Hong: "China's MFN Status Clear in June"]

[FBIS Transcribed Text] A Senior Chinese expert criticized some United States Congress members for allegedly "abusing their authority and powers" in trying to block the smooth extension of China's Most Favoured Nation (MFN) trading status this year.

The US decision on China's MFN status is scheduled to be announced by June 3. Some members of the US Congress have suggested that MFN should be linked to China's human rights progress and other problems.

Zhou Shijian, Vice-President of the International Trade Research Institute said that he is optimistic about the extension of China's MFN status this year, but added that some US congressmen have gone too far on the issue.

Zhou said according to the Jackson-Vanic Revision of the US trade law issued in 1974 the only requirement for receiving MFN is a country's permission for free migration of its native people.

"Even if the annual check of China's MFN status is justified, the point in question should be Chinese people's migration rights, instead of other unrelated issues," he said.

China has had no problem in migration ever since 1973, which has been admitted by the US government, he said.

Zhou praised US President Clinton's decision one year ago to separate human rights from China's MFN status, saying it was an intelligent, practical decision.

He pointed out that some people "meddling" with China's MFN status are using the human rights issue as a tool in their party's internal battles, and "what they do is to destroy, instead of promote, Sino-US relations and economic ties."

He urged them to put the larger interests of Sino-US relations in top priority.

Zhou noted that the US and China are becoming increasingly co-dependent.

"Despite the rows over the past few years, Sino-US trade kept increasing and hit \$35.43 billion last year. This implies huge cooperation potential," he said.

Last year, China became the sixth-largest trade partner of the US. If current growth continues, it is likely to become the fifth- or even fourth-largest trade partner of the US by the end of this year, he said.

Wang Zhiqian, a director general of China's Ministry of Foreign Trade and Economic Cooperation, told China Daily that he expects China's MFN status to be extended this year.

But he reiterated that an annual review is unreasonable and said the problem should be solved with an unconditional extension of MFN status.

"Otherwise, it will go on affecting the smooth development of co-operation between industrial and trade circles in the two countries," Wang said.

During the first quarter of this year, Sino-US trade volume hit \$7.75 billion, a 33-per-cent rise from the same period last year.

By the end of last year, US investment projects had numbered 16,221 projects with accumulated practical capital inflow hitting \$7.8 billion.

"Strategically, China and the United States have no fundamental conflicts," Zhou said.

"He added that a healthy Sino-US government relationship and economic links are of mutual benefit.

### Northeast Asia

#### Further Reportage on ROK Boat Seizure

SK0106023095 Beijing China Radio International  
in Korean 1100 GMT 31 May 95

[FBIS Translated Text] The Korean People's Army [KPA] apprehended a fishing boat that entered the territorial waters of the north side of Korea yesterday. According to a KCNA report, an unidentified boat entered the territorial waters of the north side of Korea at noon yesterday. The fishing boat reportedly tried to escape when a KPA patrol boat approached for inspection, and the patrol boat fired a warning shot. The report revealed that the boat apprehended by the DPRK is under investigation.

On the same day, the ROK Defense Ministry said that an ROK fishing boat entered the DPRK territorial waters and was fired upon. The ROK said that the incident took place along the west coast of the Korean peninsula about 29 km northwest of the ROK's Paengnyong Island. Paengnyong Island is only one mile from the demarcation line.

After the incident, the ROK Defense Ministry immediately issued an order placing the Navy on alert. The ROK media reported that two on board the fishing boat were shot to death and that one had been injured. However, the ROK Defense Ministry could not verify such reports.

#### DPRK Provincial Delegation Arrives in Jilin

SK3105132495 Changchun JILIN RIBAO in Chinese  
15 May 95 p 1

[FBIS Translated Text] At the invitation of Jilin Province, the seven-member goodwill delegation of the North Hamgyong Province of the DPRK, headed by Hyon Tong-hyok, vice chairman of the North Hamgyong Provincial Administrative and Economic Guidance Committee, entered Jilin through Sanhe Port on 12 May to pay a friendly visit.

The train in which the Korean delegation rode arrived in Changchun on 13 May. On the evening of that day, Quan Zhezhu, vice governor of Jilin Province, received all members of the Korean delegation in the Nanhu Guest House. During the reception, both sides talked amid a friendly atmosphere. Vice Governor Quan Zhezhu extended a welcome to the visit paid by the Korean delegation, informed the guests of the achievements made by Jilin since the enforcement of reform and opening up, and urged the Korean comrades to carry out extensive cooperation with Jilin in the fields of economics and trade. Hyon Tong-hyok, head of the Korean delegation, expressed thanks for the enthusiastic reception given by Vice Governor Quan Zhezhu. He stated: The Korean people are advancing along the road defined by Comrade Kim Il-song and accelerating the construction of socialism, and have made very great achievements in various fields. Both sides expressed they will actively make efforts to enhance the Sino-Korea friendship.

In addition to visiting Changchun, the Korean delegation will also pay a visit to the city of Jilin and the autonomous prefecture of Yanbian.

Han Guoyu, director of the provincial foreign affairs office, also attended the reception.

#### CPPCC Vice Chairman Meets Japanese Group

OW0106113295 Beijing XINHUA in English  
1119 GMT 1 Jun 95

[FBIS Transcribed Text] Beijing, June 1 (XINHUA) — Wu Xueqian, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and president of the Chinese Association for International Understanding (CAFIU), met with and feted a delegation from the Association for Japan-China Understanding of Nagano Prefecture of Japan here today.

The 26-member delegation headed by the association's president Kushihara Yoshinao arrived here Wednesday [31 May] at the invitation of the CAFIU.

### West Europe

#### Music Copyright Agreement Signed With UK

OW3005132595 Beijing XINHUA in English  
1309 GMT 30 May 95

[FBIS Transcribed Text] Beijing, May 30 (XINHUA) — The Music Copyright Society of China (MCSC) signed a mutual representation agreement with the British Performing Rights Society (PRS) here today.

The event will enable the MCSC to administer the rights of British composers in China and for the PRS to administer the rights of Chinese composers in Great Britain.

"This is an important step for China to fulfill its promise in protecting international copyrights," said Wang Liping, chairman of the MCSC.

Early this month China signed a similar agreement with GEMA, a Germany-based music copyright association.

PRS and GEMA are among the largest music copyright organizations in the world.

Formed in 1992, the MCSC is the only music copyright collective management body in China, and acts on behalf of the rights of composers and music publishing houses nationwide.

China joined the Berne Convention and the World Copyright Convention in 1992.

### East Europe

#### Bulgaria's Videnov Meets Outgoing Chinese Envoy

OW3105134595 Beijing XINHUA in English  
1315 GMT 31 May 95

[FBIS Transcribed Text] Sofia, May 31 (XINHUA) — Bulgarian Prime Minister Zhan Videnov today expressed the hope that the sixth meeting of the mixed committee of trade and technology between the governments of Bulgaria and China will strengthen bilateral trade and economic ties.

The meeting will be held later this year.

At a meeting with outgoing Chinese ambassador to Bulgaria Bai Shoumian here today, Videnov said Bulgaria has been following the achievements made by China in economic development and attaches importance to its experiences gained therefrom.

China's achievements in economic construction left a deep impression on him when he visited China two years ago as president of Bulgarian Socialist Party, Videnov said.

He said he is looking forward to a visit to China as Bulgarian prime minister.

Videnov affirmed again that Chinese Vice-Premier and Foreign Minister Qian Qichen's visit to Bulgaria not long ago contributed positively to the development of bilateral relations.

#### Vice President Meets Macedonian Foreign Minister

OWD106084095 Beijing XINHUA in English  
0818 GMT 1 Jun 95

[FBIS Transcribed Text] Beijing, June 1 (XINHUA) — Chinese Vice-President Rong Yiren, who met with Macedonian Foreign Minister Stevo Crvenkovski here today, said that China attaches importance to its ties of friendly cooperation with the Balkan country.

Rong said that China respects Macedonian independence, sovereignty and territorial integrity, and the choice made by its people.

China believes that differences in history, culture, social system, values, and ideology should not hamper the development of relations, Rong said.

"We believe that countries, big or small, strong or weak, rich or poor, gaining dependence early or late, should all be equal members of the international community, and should all proceed from the five principles of peaceful co-existence to establish and develop normal ties," he commented.

The Chinese vice-president noted the smooth development of bilateral ties, and added that his country hopes for sustained growth of Sino-Macedonian ties in the areas of politics, economy, technology and culture.

Crvenkovski said that the Macedonian Government is satisfied with the smooth growth of the bilateral ties and that President Kiro Gligorov puts great emphasis on these relations.

During the meeting, Rong also briefed the visitors on China's economic situation.

Macedonia follows China's economic development closely, Crvenkovski told Rong. China's successful experience over the past decade is useful to Macedonia, which is also undergoing economic transformation, he explained.

Crvenkovski arrived here Tuesday at the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen for a five-day visit to China.

**Political & Social****XINHUA on Deng's Important Role in Science**

*OW3105125695 Beijing XINHUA Domestic Service  
in Chinese 0423 GMT 23 May 95*

[Article by reporters Li Shangzhi (2621 1424 1807),  
Zhu Youdi (2612 1635 2769), and Yu Changhong (0060  
7022 3163)]

[FBIS Translated Excerpt] Beijing, 23 May (XINHUA) — It will be a memorable day on 26 May 1995 when the Third National Conference on Science and Technology held by the CPC Central Committee and the State Council opens in Beijing. Earlier, the CPC Central Committee and the State Council made a "Decision on Accelerating Scientific and Technological Progress," marking a new milestone in the history of China's scientific and technological development. An unprecedented upsurge in science and technology is coming.

**First Milestone: March Toward Science**

In 1956, the first-generation party and state leadership headed by Comrade Mao Zedong made two important policy decisions — to hold an intellectuals conference and to formulate a long-term scientific and technological development plan, also known as the 12-year scientific and technological development plan. During the intellectuals conference, which was called the first conference on science and technology, Premier Zhou Enlai spoke on behalf of the Party Central Committee, conveying and expounding to the conference Chairman Mao's great call for "Marching Toward Science."

The call evoked big repercussions at home and abroad. [passage omitted]

China made a rapid development in science and technology in as little as five years. [passage omitted]

The road to science was by no means smooth. People had to experience some twists and turns before they had a correct understanding of modern science and technology. However, the sparks from the great call for "Marching Toward Science" and the faith of the Chinese scientists and technicians in seeking scientific truth have never died out. Just as Comrade Deng Xiaoping said: During the 10 chaotic years, "the intellectuals' faith in the party and in socialism never wavered, even when Lin Biao and the 'Gang of Four' were persecuting and tormenting them, and they kept on working in their specialities under extremely difficult conditions."

**The Second Spring of Science and Technology**

After two years of restoration and readjustment following the downfall of the "Gang of Four," China's in-

dustrial and agricultural production resumed normal development and the people's minds were emancipated. China's second-generation leadership, with Comrade Deng Xiaoping at its core, attached great importance to the country's scientific and technological development. In 1978, a national conference on science was convened, marking a new opportunity and hope for China's scientific undertakings.

To make the conference a success, Comrade Deng Xiaoping did a great deal of work and expressed important views on the work of science, technology and education. He issued the well-known call to "respect knowledge and talented people," which served as a solid ideological foundation for the national conference on science. During the opening ceremony of the conference, Deng Xiaoping said: "The Central Committee of the Party decided to call this national science conference in order to bring home to the party and country the importance of science, to map out a program, to commend advanced units and individuals, and to discuss measures for speeding up the development of science and technology in China." He solemnly declared: The days are gone forever when the Gang of Four could wantonly sabotage the cause of science and technology and persecute intellectuals. [passage omitted]

After the 1978 national science conference, China seized the opportunity, successively formulated a series of scientific and technological development plans, and made great progress in science and technology. [passage omitted]

At the 1978 national science conference, Comrade Deng Xiaoping put forward the wise thesis that science and technology are a productive force, and comprehensively explained the importance of scientific and technological development to the acceleration of China's modernization. He said: "Science is among the productive forces. The development of modern science and technology has bound science and production ever more tightly together. It is becoming increasingly clear that science and technology are of tremendous significance."

During the 1980's, Comrade Deng Xiaoping took a further step and put forward the idea that "science and technology are the primary productive forces."

Human beings are the motive force propelling the development of science and technology, as well as the carrier of scientific and technological knowledge. Comrade Deng Xiaoping has said with foresight: "For the modernization of science and technology, we must have a mighty scientific and technical force serving the working class, a force that is both 'red and expert' and includes a large number of scientists, engineers and technicians who are first rate by world standards. It will

not be easy for us to build up such a force." He also pointed out "the major task of the science and education front is producing, as quickly as possible, a number of experts in science and technology who are up to the highest international standards." [passage omitted]

Between now and the middle of the 21st century is a crucial historical period for attaining the strategic objectives of China's modernization in three steps.

The party and state leaders, with Comrade Jiang Zemin at the core, are paying great attention to factors obstructing scientific and technological development. At the same time, the establishment of a socialist market economic structure has not only provided a better environment and conditions for promoting scientific and technological progress, but has also set new, higher demands for scientific and technological progress. For this reason, the Party Central Committee and the State Council have decided to convene the third national conference on science and technology and to firmly implement the strategy of rejuvenating the country through the application of science and technology and the promotion of education. [passage omitted]

Another spring of science has arrived. The Chinese people will create new miracles so long as they unite around the Party Central Committee, with Comrade Jiang Zemin at its core, hold aloft the banner of science and technology as the primary productive forces, work hard to achieve practical results and blaze new trails, and ride on the wave of the current high-technology revolution under the twilight of the new century.

#### XINHUA on Li Peng's Tour of Zhuhai Firms

OW3105113495 Beijing XINHUA Domestic Service  
in Chinese 0913 GMT 31 May 95

[FBIS Translated Text] Zhuhai, 31 May (XINHUA) — Premier Li Peng inspected Zhuhai on 29 and 30 May.

During his stay in Zhuhai, Li Peng inspected the Geli Machinery Company, Ltd. and the Juren High-Tech Enterprise Group, familiarized himself with the production and development of the two enterprises, and called on workers and staff members. He encouraged them to make persistent efforts to make new contributions to China's reform, opening up, and modernization. During the inspection tour, Li Peng heard briefings presented by relevant leading comrades of Guangdong Province and Zhuhai city, met some people from Hong Kong and Macao, and cut the ribbon for the newly-completed Zhuhai airport.

Li Peng was accompanied during the inspection tour by Xie Fei, member of the CPC Central Committee Political Bureau and secretary of the Guangdong Provincial

CPC Committee; Zhu Senlin, governor of Guangdong Province; Chen Guangyi, director of the Civil Aviation Administration of China; Yang Jingyu, deputy secretary general of the State Council; and Jiang Yunbao, deputy director of the State Council's Research Office.

#### Visit Detailed

OW0106141095 Beijing XINHUA Domestic Service  
in Chinese 1311 GMT 31 May 95

[Article by Zhang Sutang (1728 1372 1016) and Wang Yunfeng (3769 0061 1496): "The Premier's Third Visit to the 'Giant'"]

[FBIS Translated Text] Zhuhai, 31 May (XINHUA) — It was 29 May 1995, a warm and sunny day in the beautiful coastal city of Zhuhai. In the head office of Juren [1565 0086 — Giant] Hi-Tech Enterprise Group — a company, which had successfully developed the Juren Chinese language card, Chinese writing-pad computers, and other high-tech products — it was a scene of jubilation. For the third time, Premier Li Peng, who was inspecting work in Zhuhai, mingled with the young people who founded the Juren enterprise.

At about 1700, Premier Li Peng arrived at the Juren Group after an inspection tour of Zhuhai's Geli Machinery Company, Ltd. Getting off the car, he saw the group's new modern office building decorated with blue glass wall. Waiting for him in front of the entrance were the same smiling faces of people in their prime.

At the reception room, Group President Shi Yuzhu, 33, excitedly briefed Li Peng: "We have grown rapidly since your last visit. Our payroll has increased from some 200 to more than 1,500, and most are young people. Our output value has risen from 160 million yuan to 500 million yuan. We have established more than 30 branch offices in various parts of the country. This year's sales are estimated to top 2 billion yuan."

"Congratulations." After hearing these achievements by the young people, Premier Li Peng and those who accompanied him on the inspection tour, including Xie Fei, CPC Central Committee Political Bureau member and secretary of the Guangdong Provincial CPC Committee, and Liang Guangda, secretary of the Zhuhai City party committee and mayor, all smiled with gratification.

Shi Yuzhu said: "Last year, in light of the problems we encountered in management, we established a set of management model centering on internal reform. The results were extremely good. We feel that the company's strength has increased several times without increases in personnel and funds."

## NATIONAL AFFAIRS

Li Peng said: "Great! We must increase efficiency by doing something through better management. Science and technology constitute a primary productive force. Management is also a scientific discipline, and therefore, a productive force."

This was the third visit by Premier Li Peng to the "Giant." On 6 January 1993, after hearing that two young college graduates set up a high-tech enterprise with 4,000 yuan to develop mainly computer software, Premier Li Peng decided on the spur of the moment to visit the company. He also joyfully inscribed the following words: "Young scientific and technological personnel are the country's hope." On 2 February 1994, Premier Li Peng again visited the company. At that time, the Chinese-language writing-pad computer had entered its second generation. The company group was also planning to build a "Juren Science and Technology Building." Seeing all this, Li Peng urged the young people to score more successes and scale science and technology heights.

Premier Li Peng has shown great concern for the company group in every step of its development. When he heard the company group had diversified its production to computer software and biological and pharmaceutical products, he expressed concern and asked: "Is computer software still your leading line?"

Shi Yuzhu replied: "We plan to build the Juren Group into a large-sized comprehensive enterprise. However, computer software is still our leading line." He added: "We have developed a multimedia home education software through two years' of research by some 300 of our scientific and technological personnel."

Li Peng asked: "Is this software a teaching material for middle schools?"

Shi Yuzhu replied: "Yes. The teaching material for elementary schools has not been completed yet. We have compiled 66 copies of the teaching material on various subjects of junior middle school level one through senior middle school level two into 66 copies of CD-ROM for computer use. We have conducted market survey and found that this product is very popular among middle school students."

"Elementary school teaching material will be even more popular. Youths and children are greatly attracted to computers. We should make youths and children ardently love to study and increase their knowledge through computers." Li Peng added: "It is a very tough life for elementary school students now as they are under very great pressure in their studies. The market for software of elementary school education will be larger than that of middle schools. Without a market,

a product will have no life." Li Peng later added: However, the eyesight of youths and children will be adversely affected after spending much time watching the computer screens. We should think of ways to solve this problem.

After hearing the report, Li Peng toured the exhibition hall, which was full of a dazzling array of products. At a computer monitor that showed the words "Juren multimedia educational software," Li Peng read with keen interest "Spring," a prose by Zhu Ziqing in the Chinese language textbook, and an English lesson for senior middle school level two. He said: "This software is indeed very figurative. However, there is some slight imperfection as it contains only pictures and no characters."

At an exhibition desk of Chinese-language writing pad computers, Premier Li Peng wrote the characters, "Chinese people," with a specially manufactured pen on the display screen, which were promptly displayed. The computer's audio system read the characters with the standard common spoken Chinese. The premier said satisfactorily: "There has been improvement. Its association function can only create a list of single words that follow the input word. It would be wonderful if it can a whole sentence."

The Juren Group is a world of young people. The workers' average age is only 24 years, and over 97 percent of them are college students and researchers from around the country. On seeing the young people work hard in rooms along the two sides of the corridor at the group's development headquarters, Li Peng asked: "After how many years of work can the workers get housing allotment?"

Shi Yuzhu answered: "Three years."

"Are there many married people?"

"The majority are not married."

"Then, let the young people develop their love here."

The premier's humor drew laughter from those present.

Before leaving, Shi Yuzhu held the premier's hands and said: "We plan to increase the output value by twofold by 1997." Li Peng said gladly: "I wish you success!"

Li Peng's third visit to the Juren Group, especially during the third national conference on science and technology, left unforgettable memories for the group's staff and workers. They know that the premier showed his concern not only for the Juren Group, but more so, he is concerned about and placed high hopes on the vast number of scientific and technological workers as

well as China's scientific and technological progress and development.

**Meets Hong Kong, Macao Officials**

OW3105134495 Beijing XINHUA in English  
1308 GMT 31 May 95

[FBIS Transcribed Text] Zhuhai, May 31 (XINHUA) — Premier Li Peng made an inspection tour of this coastal city in south China's Guangzhou Province May 29 to May 30.

During the inspection, Li visited two local industrial giants — the Geli Machinery Incorporation Ltd and the Juren Hi-Tech Croup. The premier asked about the production and development of the two enterprises and met with the workers.

Li Peng encouraged the officials and workers of the two enterprises to continue to contribute to China's reform and opening-up, and make new and greater contributions to the country's modernization construction.

Li Peng heard reports from the provincial and city officials on local development, and met with some public figures from Hong Kong and Macao.

He also attended the ceremony for the completion of Zhuhai Airport and cut the ribbon for the first flight.

**Book of Drawings of Young Deng Published**

OW0106091895 Beijing XINHUA in English  
0910 GMT 1 Jun 95

[FBIS Transcribed Text] Beijing, June 1 (XINHUA) — A book of drawings in color showing scenes from the childhood of China's Deng Xiaoping has just been published in conjunction with Children's Day, the Press and Publishing Journal reported here today.

The book, which contains a large number of drawings, vividly depicts childhood stories about Deng in his hometown in Guangan County, in southwest China's Sichuan Province.

By reading from the series of well-chosen stories, readers come to know about how Deng, who is the chief architect of China's reforms and opening-up policy and the core of the second generation of leaders of the Chinese Communist Party, was a child who had developed a strong, just, kind, and selfless character even before leaving hometown for France on a work-study program at the age of 16.

The book, which was written especially for children and teenagers, is published by the Central Literature Publishing House.

The Xinhua Bookstore so far has received orders for 100,000 copies of the book, and a second printing is already in the works.

**Hu Jintao at Central Party School's Graduation**

OW0106060595 Beijing XINHUA Domestic Service  
in Chinese 0624 GMT 30 May 95

[By reporter Liu Siyang (0491 1835 2254)]

[FBIS Translated Text] Beijing, 30 May (XINHUA) — Students attending the 18th training class for cadres of provincial level at the Central Party School graduated today. Hu Jintao, standing committee member of the Political Bureau, secretary of the Secretariat of the CPC Central Committee, and president of the Central Party School, attended the graduation ceremony, during which he emphatically talked about the issues concerning the improvement of ideological and political quality among leading cadres.

The class included 76 students. Over the past three months, they studied Volumes I, II, and III of the *Selected Works of Deng Xiaoping* and some selected works by Comrades Marx, Lenin, and Mao Zedong. They studied some basic knowledge about socialist market economy as well as Comrade Kong Fanseng's deeds. In light of realities, they also conducted researches on some major theoretical issues.

After hearing a briefing presented by the students, Hu Jintao affirmed their progress in studying the guiding spirit of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, in mastering the scientific system of this theory, and in adhering to the principle of integrating theory with reality. He expressed his hopes that they will turn what they have learned into a driving force for achieving new records in their work.

Hu Jintao said: It is an important and urgent strategic task to comprehensively improve the quality of current leading cadres in accordance with the guiding spirit of the Fourth Plenary Session of the 14th CPC Central Committee. He emphatically said: We must put ideological and political construction high on the agenda to enhance the quality of leading comrades. We should improve their knowledge, leadership, and ability to master the theory of socialist market economy. More importantly, we should spare no effort in promoting their ideological and political quality and helping them strengthen their party spirit and foster a correct outlook on life and the world. Only by doing so can they meet the needs of the new situation and tasks. Only by doing so can they always stand in the front line of the times when the world and China are witnessing great historic changes. Only by doing so can they strengthen their ability in resisting the onslaught of negative and corrupt modes of

thought and stand various tests by always maintaining the true color of a public servant.

Wang Jialiu, executive vice president of the Central Party School, presided over the graduation ceremony. Attending the ceremony were responsible persons of relevant central authorities including Zhang Quanqing, Cao Qingze, Liu Yunshan, Chen Fujin, and Zheng Keyang.

#### Tibetan Human Rights Activist Escapes to India

*HK0106132295 Hong Kong AFP in English  
1259 GMT 1 Jun 95*

[FBIS Transcribed Text] Beijing, June 1 (AFP)—A prominent Tibetan human rights activist imprisoned by the Chinese authorities for eight months in 1993, has managed to escape to India, The Office of Tibet in London said Thursday.

In a statement received here, the office said Gendun Rinchen, who had been arrested on May 13, 1993 shortly before the arrival in Lhasa of a European Union delegation, had fled Tibet and arrived safely in India on May 13 this year.

Rinchen, 47, had been preparing to hand a letter to the delegation describing human rights conditions in Tibet and listing political prisoners held in the Himalayan region.

Rinchen, who worked as a tour guide, had been arrested together with another human rights activist, Lobsang Yonten, and held in solitary confinement for eight months before both men were unexpectedly released in January 1994.

Their release followed international pressure from the European Commission and the European Parliament and an international campaign by pro-Tibetan lobby groups on their behalf.

Rinchen was voted Tibet's Top Tour Guide of the Year in 1992, but angered the Chinese authorities by persistently discussing human rights issues with the tourist groups he dealt with.

At the time of his arrest, Rinchen was charged with stealing state secrets and "engaging in separatist activities which directly threatened China's national security."

#### Beijing Denies Arrest of Tibetan Abbot

*HK0106080395 Hong Kong AFP in English  
0731 GMT 1 Jun 95*

[FBIS Transcribed Excerpt] Beijing, June 1 (AFP)—China on Thursday angrily denied a report that it had arrested a Tibetan abbot who had led the search for the

reincarnation of the Panchen Lama, a mission deemed critical for the future of Tibetan Buddhism.

A spokesman for the Nationalities and Religious Affairs Commission in Lhasa, reached by telephone from Beijing, said the report by the Tibet Information Network (TIN) was "utter lies."

The London-based agency on Wednesday reported that Chadrel Rimpoché, the senior abbot at Tashilhunpo monastery, had been detained in the southwestern Chinese city of Chengdu, along with his secretary.

Chadrel was in charge of a mission, sent out by Tashilhunpo, to search for the reincarnation of the Panchen Lama, the most important figure in Tibetan Buddhism after the Dalai Lama.

The Chinese authorities, the report said, believe that Chadrel had been in secret contact with the Dalai Lama.

This enabled the exiled spiritual leader to make a political coup by announcing the discovery of the reincarnation — a six-year-old named Gendun Choekryi Nyima — ahead of Beijing, whose official search party had alighted on the same boy, the report said.

The Dalai Lama's announcement was made on May 14. Three days later, the furious Chinese authorities said his decision was "illegal and invalid" because it had not been approved by Beijing. They have not, so far, contested the choice.

TIN said that Chadrel and his assistant were taken to Chengdu, the capital of Sichuan province on May 17 and detained there.

It also said that "most of the lamas" (senior monks) at Tashilhunpo, located 225 kilometers (150 miles) west of Lhasa, had been called to Beijing, along with the boy. This was also firmly denied by the Nationalities and Religious Affairs Commission. [passage omitted]

#### Reporter Protesting Outside U.S. Embassy Detained

*HK0106090295 Hong Kong AFP in English  
0902 GMT 1 Jun 95*

[FBIS Transcribed Text] Beijing, June 1 (AFP)—A radio reporter from southern China was whisked away by police in Beijing Thursday, as he unfurled a banner outside the U.S. embassy that called for redress in a copyright case.

Guo Jing, a reporter from Shenzhen Radio was grabbed by five policemen just seconds after he took out the banner which read: "I strongly protest the action of the Americans who have violated my individual and human rights."

Guo was bundled into a nearby van, where the police inspected the banner before taking him away.

Guo's complaint revolved around a plan he conceived in 1988, to put on a large-scale film exhibition in the southern economic zone of Shenzhen.

After spending several years travelling around China to collect material for the exhibition, Guo said he signed a contract with a U.S. firm based in California, Largo Vista, to finance the event.

However, Guo claimed that the U.S. firm had tried to take the project over and reneged on an oral promise to guarantee Guo's status as the person who conceived of the exhibition.

Prior to his protest, Guo told AFP that he had many witnesses and documents that bore out his claim, and demanded that the U.S. government investigate his case.

"The U.S. government claims that it always respects human rights, equality, freedom and copyright protection," he said, adding that the case had caused him serious "humiliation."

#### Dissident Wang Xizhe Released From Detention

HK0106032595 Hong Kong MING PAO in Chinese  
1 Jun 95 p C1

[**"Special dispatch": "Wang Xizhe Claims To Have Been Beaten by Public Security Personnel and Detained in Beijing and Guangzhou for 15 Days"**]

[FBIS Translated Text] Dissident Wang Xizhe, who was released by the authorities yesterday, said: After being taken away on 16 May, he was held in custody at Beijing's Xicheng detention house for seven days, during which he was beaten up but fortunately did not sustain serious injuries. He was later escorted to Guangzhou's Zhuhai detention house, where he was locked up for another eight days. Before his release, he was ordered not to go to other places at will and to admit his mistakes for issuing the "Statement for Going to the North."

In another development, a source disclosed that Xian public security personnel took away Zhou Qing [0719 0518], a 1989 student movement leader at Xian Northwest University, from Zhangjiajie City, Hunan Province, yesterday.

Wang Xizhe said yesterday: After being held in custody for 15 days, he was released by the authorities at 1730 yesterday. He arrived in Beijing on 15 May. The next day he tried without success to contact Ren Jianxin, president of the Supreme People's Court. He was taken away by public security personnel that evening and locked up at Xicheng detention house for seven days.

He pointed out: The environment at the detention house and the attitude of public security personnel there were very poor. All the detainees were beaten up, and so was he. Fortunately he did not sustain serious injuries. He had protested to the public security authorities but they threatened him with an electric prod. Later though, after repeated protests, the public security personnel softened their attitude toward him.

Wang added: After being locked up in Beijing for seven days, he was escorted on 22 May by the personnel concerned to Guangzhou's Zhuhai detention house, where he was detained for another eight days and was released only yesterday. He was treated politely at Guangzhou detention house.

Moreover, according to a source, Zhou Qing, the 1989 student movement leader at Xian Northwest University who was arrested in Hunan's Zhangjiajie by public security personnel from Xian City, was a former member of the school writing group. He was arrested for joining in organizing student demonstrations during the 4 June 1989 Incident and was sentenced to four year's imprisonment. He has never had an official job since his release from prison.

#### Police: Artists To Leave Village Before 4 June

HK3105124695 Hong Kong AFP in English  
1228 GMT 31 May 95

[FBIS Transcribed Text] Beijing, May 31 (AFP)—Police leading a crackdown ahead of Sunday's Tiananmen Square massacre anniversary have given 100 artists a 48-hour deadline to leave a village they have set up near the Summer Palace northeast of the capital, sources said.

Dozens of police were around the village, close to the Beijing university district, on Wednesday. But most of the inhabitants did not seem to want to leave and most did not know where to go, the sources said.

The artists were also told to leave their village last year before the June 4 anniversary of the bloody repression of the 1989 democracy movement.

Some defied the police order then, but no action was taken to make them move.

#### Deadline Extended

HK0106051495 Hong Kong SOUTH CHINA MORNING POST in English 1 Jun 95 p 10

[By Dede Nickerson in Beijing and agencies]

[FBIS Transcribed Text] Police leading a crackdown ahead of Sunday's anniversary of the Tiananmen Square massacre have given 100 artists a 10-day deadline to

leave their colony in Beijing, sources said. But about 20 of the artists say they will defy the deadline.

Tucked away in a northwestern suburb near the remnants of the Yuan Ming Yuan Palace, the colony has served as home and studio for some of China's most avant-grade painters, as well as poets and rock musicians.

According to several artists in the process of packing up their belongings, about 30 police officers came to a restaurant in the village last Sunday [28 May] and told them they had three days to move. The deadline was extended to 10 days as it was clear that it would be impossible for villagers to pack up and leave so quickly.

Some residents said they would move and stay with relatives until they found new homes. Others said the eviction left them "completely adrift". "I really don't understand this, most of us don't even pay attention to politics, we are too busy with our work. It's possible that the authorities think we're all political activists, but we're not," said one painter in the process of moving Poet Huang Xiang, who signed a petition asking the Government to be more tolerant and to re-examine the counter-revolutionary verdict on the 1989 pro-democracy movement, lived in the village.

But a painter said: "He's an exception among us. Most of us don't care about these things. He actually had very little contact with us." Villagers say Huang has been arrested.

The abrupt eviction notice came as a surprise to villagers, many of whom have been living in the creative community for more than four years. Two villagers were arrested last Sunday when the police informed them that they would have to move as a result of recalcitrant behaviour to police.

Security is extremely tight at the village, but one artist said: "It's mostly plain-clothes policemen monitoring the situation." On the road leading into the village, security officers are questioning all passersby and are not allowing foreigners to enter.

Two foreign journalists attempting to speak to residents were detained for questioning by police for 45 minutes and prohibited from entering. Villagers were warned that if they did not leave that the case would be passed to the People's Armed Police.

#### **Leaders Send Wreaths for French Expatriate**

*OW3105134395 Beijing XINHUA in English  
1306 GMT 31 May 95*

[FBIS Transcribed Text] Beijing, May 31 (XINHUA) — A funeral was held here today for French expert

Denise Ly-Lebreton, an old friend of China, who died of illness on May 24 at the age of 86.

Ding Guangen, Li Tieying, Chen Muhua, Li Guixian and other Chinese leaders sent wreaths, and State Councillor and Minister of the State Nationalities Affairs Commission Ismail Amat attended the funeral.

Ly-Lebreton was born in Paris on February 23, 1909, and graduated in 1931 from the National Senior Normal College of France. In 1936 she married Li Fengbai, who was studying in France. The couple left France in 1951 for Prague to work at the Chinese secretariat of the World Peace Council. Two years later, Ly-Lebreton came to China with her husband and worked in the French Section of the Foreign Languages Press under the Foreign Languages Publishing and Distribution Administration until her death.

Ly-Lebreton devoted her heart and soul for 40 years to China's cause of foreign languages publication. She participated in the editing of the works of Mao Zedong, Liu Shaoqi, Zhou Enlai, Zhu De, Chen Yun, Deng Xiaoping, and other government and party leaders.

Ly-Lebreton loved China and the Chinese people. She worked hard and seriously, and made remarkable contributions to introducing the cause of Chinese socialist construction to the world.

In her will, she devoted all her and her husband's savings to the Foreign Languages Publishing and Distribution Administration for the setting up of a translation foundation, named after her husband, who died in 1984, and herself, to encourage more good translations of Chinese works.

On many occasions, Ly-Lebreton said that her real home was in China, which, in her words, offered her what was dearest in her life — life significance.

Ly-Lebreton's ashes will be kept at the Babaoshan Cemetery for Revolutionary Martyrs, where the funeral was held this morning.

#### **Beijing Students Commemorate War's End**

*OW2905093295 Beijing XINHUA in English  
0825 GMT 29 May 95*

[FBIS Transcribed Text] Beijing, May 29 (XINHUA) — Some 170,000 university students in Beijing started a series of activities last weekend to mark the 50 anniversary of the victory of the Anti-Fascist war [World War II].

The event, sponsored by the students, is expected to last until the end of the summer.

A leader with the Beijing Student Federation said that these activities are aimed at spreading patriotism among the youth by teaching the history of the Anti-Japanese War during 1937-45.

The event will feature plays, singing contests, anti-Japanese war films, seminars and book fairs, the leader said.

About 70 universities and colleges, including Beijing University and the Chinese People's University, are taking part in the event.

Students will also send artistic troupes to the former military bases in the countryside and perform for veterans during the summer vacation.

Anti-fascist activity is one of the central themes of campus activities nationwide throughout the year, an official of the State Education Commission said.

Celebrations like those in Beijing have also started in other places, such as at universities in the cities of Nanjing and Wuhan.

#### **Crime and Punishment in PRC for 16-31 May**

**HK0106062495**

[FBIS Editorial Report] The following is a compilation of reports on crime, investigations, trials, sentencing, and other judicial-related activities in the PRC during the period 16-31 May 1995. The source and mode of processing are given in parentheses at the end of each entry

#### **NATIONAL**

##### **State Copyright Administration Penalizes Three Copyright Violators**

The State Copyright Administration recently adopted a decision to impose disciplinary sanction against three publishing companies producing audio-visual products in violation of the copyrights of foreign companies. The violators are: Nanjing Audio-Visual Product Publishing Company, Liaoning Broadcasting and Television Audio-Visual Products Publishing Company, and Guangdong Audio-Visual Product Publishing Company. All of them were charged with publishing CD-ROM and video tape versions of some U.S. and Hong Kong movies, including "The Fugitive," "In the Line of Fire," "Striking Distance," "Hard Target," and "Home Alone." (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0626 GMT 30 May 95)

##### **Auto Market Flooded by Fake Audis**

The No. 1 Automobile Plant in Changchun recently received reports from many customers saying that the car

market was flooded by fake Audi sedans. Investigations by the national department concerned confirm that at present there are nearly 10,000 fake Audi sedans on the market in China, and more than 20 kinds of Audi component parts are available. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0758 GMT 23 May 95)

#### **PROVINCIAL**

##### **FUJIAN**

##### **Four Armed Robbers in Fuzhou Executed**

Four culprits, Ke Yanqiang, Ke Yanping, Xu Chengxi, and Huang Guoxin, were sentenced to death on charges of armed robbery by the Fujian Provincial Higher People's Court on 17 May. The four robbed the Lin brother and sister, both workers at a plant in Fuzhou, of 500,000 yuan, and shot and killed the brother in the process, in front of the Fuzhou City Machine Tool Plant Kindergarten on 17 April this year. All four were executed on the day the sentence was pronounced. (Summary) (Beijing FAZHI RIBAO in Chinese 19 May 95 2)

##### **Taiwan Drug Traffickers Arrested in Fuzhou**

The Fujian Provincial Public Security Department's criminal police corps recently smashed a criminal ring formed by Taiwan drug producers and traffickers. Three Taiwan drug traffickers and four mainland Chinese were arrested, and 1,005 grams of heroin and more than 50 kg of semi-finished "Ice" were captured. Two Taiwan drug producers and traffickers who have been arrested on the authorization of the Fuzhou City People's Procuratorate are identified as Wang Junlong, 43, native of Peimen Township, Tainan County, Taiwan Province, and He Chaowei, 41, residing in Yanpu Township, Pingtung County, Taiwan Province. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1240 GMT 26 May 95)

#### **GUANGDONG**

##### **Two Drug Traffickers, Rapist Executed in Shenzhen**

Seven culprits involved in five drug trafficking cases were sentenced to heavy penalties in Shenzhen City on 16 May. Two of the drug traffickers were sentenced to death, as well as a rapist. One of the drug traffickers sentenced to death, Chen Wenshui, engaged in drug trafficking from autumn of 1992 until 1994 when he was arrested by the police. The other drug trafficker, Chen Ruixin, started trafficking in March 1994. The three convicts, Chen Wenshui, Chen Ruixin, and Yu Jianhua, the rapist, were executed immediately after the

pronouncement of judgment. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1109 GMT 16 May 95)

### 51 Drug Traffickers Executed in 12 Guangdong Cities

The intermediate people's courts of 12 cities, namely, Guangzhou, Shenzhen, Zhongshan, Shanwei, Jiangmen, Zhuhai, Dongguan, Huizhou, Yangjiang, Shantou, Jieyang, and Foshan, and 20 grass-roots courts simultaneously held judgment pronouncement meetings on 16 May. Fifty-one culprits involved in cases of trafficking and manufacturing drug were sentenced to death and executed. (Summary) (Guangzhou NANFANG RIBAO in Chinese 17 May 95 p 1)

### Manager in Huizhou Jailed for Offering Bribes

Yang Muxian, 41, former manager of Huidong County Daya Bay Service Center in Huizhou, was sentenced to six years' imprisonment by the Huizhou City Intermediate People's Court during a recent first-instance trial, on charges of offering bribes. Yang and his partner bribed Hong Yonglin, former director of the Huizhou City Public Security Bureau, on several occasions during the period from March 1990 to March 1991, in exchange for Hong's approving their illegal car sales. Hong was sentenced to death and executed in 1993. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1324 GMT 22 May 95)

### Murderers of Taiwan Businessman Caught in Dongguan

More than 20 members of a gang involved in the murder of Taiwan businessman Chou Shuo during a fight in a Taiwan-funded night club in Humen Town, Dongguan City, on 1 October 1993, have all been captured and brought under investigation. This was confirmed by the local police on 22 May. Three of the gangsters involved in the case are from other provinces, while the rest are residents of Baisha District in Humen. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1323 GMT 22 May 95)

### Guangdong Police Seizes 400 Firearms in Counternarcotics Drive

A substantial haul was recently made in an counternarcotics drive in Guangdong Province. Twenty-nine army type guns and 468 pistols, together with some 2,000 rounds of bullets, were seized. The director of the Guangdong Public Security Department, Chen Shaoji, speaking at a telephone conference attended by representatives from the Guangdong Party Committee and the provincial government, said that some 1,800 cases had been solved in the province-wide campaign as of May

15, with some 3,500 suspects arrested, 400 drug rings smashed, 700 drug sale points wiped out, 24,000 drug addicts found, and 900 kilograms of heroin together with nearly 400 kilograms of opium and morphine seized. Other items seized in the drive included 1,000 anti-tank grenades, hand grenades, and other lethal weapons, while drug money valued at 7 million yuan and a number of items used by drug traffickers, including automobiles, motorcycles, and mobile phones, were also confiscated. Preliminary interrogation of drug traffickers and drug addicts led to the solving of 1,600 criminal cases of various kinds. About 100 drug addiction treatment centers have been newly built across the province, with a total 15,000 places for drug addicts. The public security director also unveiled a new counternarcotics plan. Public security organs at various levels have to set up task forces while at the same time, mobilizing the general public for intelligence on drug trafficking. Intensive investigation into drug activities will be launched in order to have a clear picture of drug sale venues and drug sources. Surveillance on drug trafficking has to be strengthened and coordination between different regions boosted to strike drug activities. Government organs and law enforcement departments at various levels have to center their strength on solving drug cases in an effective way. The legal system should play an important role in hitting drug trafficking, while the general public should be educated to distance themselves from illegal drug activities. The deputy secretary of the Guangdong Party Committee, Huang Huahua, called at the conference for strengthened counternarcotics work across the province. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1225 GMT 29 May 95)

### Major Smuggling Case Uncovered in Shenzhen

The Investigation Bureau of Shenzhen Jiulong Customs recently launched an anti-smuggling operation, which succeeded in interception of a smuggling boat and seizure of a batch of smuggled goods valued at more than 11 million yuan. On 26 May 26, the boat "Shancheng 669" was making an import declaration of cleaning detergents to the Huizhou Port Customs under the jurisdiction of the Jiulong Customs. Suspicious Customs officials ordered a search, which uncovered commodities that did not conform to the packing lists and invoices. The undeclared commodities included more than 2,300 laser disc players, 770 walkie-talkies, 73 overhead projectors, and 84 satellite-programmed navigation appliances. The case is pending further investigation. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 0848 GMT 31 May 95)

### Official Reports Show Significant Crime Surge in Shenzhen in 1994

According to a report to the Shenzhen People's Congress by Shenzhen chief judge Xu Liangdong, the Shenzhen judiciary handled 3,042 criminal cases in 1994, a 66.2-percent increase over 1993, while 5,241 people were convicted of crimes, up 66.7 percent. Economic crime was also on the increase, as 763 people faced trial for corruption, bribery, and smuggling; 568 were convicted, up 63.7 percent over 1993. General Procurator Xiong Bingquan, in his report to the Congress, indicated that in the past five years 2,275 suspects were detained by police for longer than legal limits, and more than 1,400 were either wrongly held or beaten. In 1994, Shenzhen police illegally detained 21 suspects, and 17 police now face charges of "forced interrogation." (Summary) (Hong Kong SOUTH CHINA MORNING POST in English 20 May 95 p 7)

#### GUANGXI

##### **Guangxi PSB, Nanning Police Strike Hard at Vice**

Recently, the Nanning metropolitan police force mobilized more than 1,400 police officers to launch a surprise anti-vice raid in Nanning, which resulted in the arrest of 1,245 suspects and 761 drug traffickers and addicts, the crackdown on 24 brothels and 79 gambling dens, and the seizure of 147 grams of heroin and three military pistols. Although the Guangxi government has been exercising stern efforts against prostitution, gambling, and dangerous drugs, it has been unable to completely stop such vices from spreading. Thus the Guangxi Public Security Bureau has launched a series of spring and summer offensives throughout the region, in cooperation with the procuratorate, the courts, labor unions, and women's unions. Cases involving prostitutes and drug addicts increased by 20 to 40 percent over the same period last year. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 0803 GMT 29 May 95)

##### **Guangxi Punishes Corrupt Officials**

Guangxi discipline inspection organs investigated 375 cases of cadres violating party discipline and the law in the first three months of 1995; 372 officials were punished and put on probation. So far this year, the discipline inspection organs have focused investigative action on corruption and bribery cases, which accounted for 38 percent (142 cases) of the total number of cases compared with 25 percent (93 cases) of immoral and obscene cases. The number of high-ranking officials under investigation has also increased sharply over same period last year. In the first quarter, four officials at the bureau level and 23 officials at the county or commission level were investigated by the watchdog body. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1435 GMT 30 May 95)

#### HAINAN

##### **Haikou City Launches Massive Operation Against Three Vices**

Since the beginning of this year, the Haikou City police have been intensifying their operation against the three vices—prostitution, gambling, and drugs. The operation has been very successful. From January to mid-May, police cracked 87 drug cases, seized 415 drug traffickers and addicts, destroyed more than 300 electronic gambling machines, seized 603 gamblers, and captured 530 people involved in prostitution. (Excerpt) (Beijing ZHONGGUO XINWEN SHE in Chinese 0259 GMT 30 May 95)

#### HEBEI

##### **Provincial Court President Fired for Abusing Public Funds**

Ping Yijie, president of the Hebei Provincial Higher People's Court, was recently fired for using government funds to rent a luxury limousine, furniture, and appliances for personal. The National People's Congress approved the dismissal upon the recommendation of the Central Discipline Inspection Commission, which conducted an investigation of Ping in cooperation with the HEBEI provincial party committee and provincial discipline inspection commission. (Summary) (Beijing RENMIN RIBAO in Chinese 12 May 95 p 4 — HK2305143295)

#### HENAN

##### **Henan Peasant Abducting Women, Children Jailed for 12 Years**

The People's Court of Tongxu County, Henan Province, recently sentenced Tian Wenzhong, a peasant from Tongxu's Fengzhuang Township, to 12 years' imprisonment on charges of abducting women and children. During the period from August 1992 to December 1993, Tian abducted three women and a baby, all from Guizhou Province, and sold them to Henan peasants as illegal wives and adopted son. (Summary) (Zhengzhou HENAN RIBAO in Chinese 11 May 95 p 5)

##### **Baoding Authorities Confiscate Illegal Firearms, Ammunition**

Baoding City in Henan carried out a special drive of unprecedented scale from February to April this year to search and confiscate illegally owned firearms and ammunition. By 24 April, 4,425 illegally owned rifles and pistols, 16.5 metric tons of explosives, and 621 bullets had been confiscated. (Excerpt) (Beijing FAZHI RIBAO in Chinese 19 May 95 p 3)

**XINJIANG****Three Xinjiang Officials Sacked for Illegal Auto Purchase**

Three officials of Hotan City in the Xinjiang Uygur Autonomous Region were recently sacked for abusing public funds to buy a deluxe private car. The three culprits were identified as Alifu Yiming, party secretary and director of grain administration in Hotan Prefecture; Li Ping, deputy party secretary and deputy director of the same department; and Maimaiti Moming, deputy finance director of the autonomous region's Grain Bureau. The first two were removed from all official duties both within and outside the party, while the third man was removed from all administrative duties and was also seriously reprimanded by the party. It was disclosed that despite knowing very well the regulation that except for the allocation of funds by competent authorities, no prefecture is permitted to set aside funds for buying luxury cars for individual use by cadres, Alifu and Li still made an application through the Hotan Grain Administration for 500,000 yuan to buy a deluxe car. Having considered Hotan Prefecture is a poor district and cannot justify use of a deluxe car, senior officials of the Autonomous Region would certainly have declined approval. However, Maimaiti gave an unauthorized approval to a grant of 450,000 yuan to Alifu and Li. Li further borrowed an amount of 30,000 yuan from a subsidiary of the Grain Bureau, and subsequently bought a deluxe Toyota at a cost of 460,000 yuan. Later, after the Autonomous Region released the subsistence grant for the Army in Hotan Prefecture, Maimaiti took 30,000 yuan to repay the subsidiary of the Grain Bureau. After the car was delivered, Alifu again approved acquisition of a deluxe Santa car, under the name of a trading company under his administration. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1246 GMT 31 May 95)

**ZHEJIANG****Hangzhou Police Mop Up Criminal Rings**

Nearly 4,000 policemen and workers' public security auxiliary force members in Hangzhou City and the four neighboring cities (counties) of Xiaoshan, Yuhang, Fuyang, and Linan carried out a joint operation from before dawn till night on 16 May to mop up criminal rings. More than 70 major criminals were arrested during the operation. Criminal activities have been on the increase since March. More than 4,700 criminal cases took place in Hangzhou in the first quarter this year, 54 percent of them extremely serious cases of robbery, larceny, and murder. The crime rate was up by nearly 50 percent over the same period last year.

The Hangzhou City public security sector launched an anti-crime campaign in mid-March. So far the Hangzhou police have cracked 2,917 criminal cases, including 906 extremely serious cases, captured 2,046 criminals, and recovered stolen money and goods worth 10.87 million yuan. (Summary) (Beijing FAZHI RIBAO in Chinese 18 May 95 p 1)

**Circular Recommends Patriotism Books**

OW0106084495 Beijing XINHUA Domestic Service in Chinese 1213 GMT 23 May 95

[FBIS Translated Excerpt] Beijing, 23 May (XINHUA) — To deepen implementation of the "Several Viewpoints of the CPC Central Committee on Further Strengthening and Improving Moral Education in Schools" and the "Program for Conducting Education in Patriotism" and to further strengthen guidance over the selection of books for reading by primary and middle school students outside school, the CPC Central Committee Propaganda Department, the State Education Commission, the Ministry of Culture, the China Press and Publications Administration, and the Communist Youth League recently issued a "Circular on Recommending 100 Patriotic Educational Books to the Nation's Primary and Middle Schools." The circular asks departments concerned and primary and middle schools throughout the country to make full use of these books in light of the local conditions and meticulously organize earnest book-reading activities. [passage omitted]

The circular stresses: Using good books for education in patriotism among primary and middle school students is a long-term task of strategic significance. Departments concerned must strengthen coordination and support and encourage departments, writers, and artists engaged in the creation of spiritual products to recommend fine motion pictures, television programs, books, and songs on a regular basis. All localities should earnestly do a good job of distributing recommended books. Students must be allowed to purchase recommended books of their own accord; forced purchases of the recommended books or tie-in-sale of other reading materials must be prevented.

**Science & Technology****Li Peng Writes Preface to Popular Science Book**

SK0106073895 Beijing XINHUA Domestic Service in Chinese 1849 GMT 27 May 95

[Preface by Li Peng for the book "At the Turn of the Century: Dialogue With Experts in High Science

and Technology": "Grasp the Trend of High-Tech Development"]

[FBIS Translated Text] Beijing, 27 May (XINHUA) — Science and technology are the primary productive forces, playing an increasingly notable role in economic and social development. During the latter half of the 20th century, major breakthroughs in high technology represented by electronics information, biology, new materials, aeronautics, and new energy, and the rapid rise in related industries have spurred on the structural readjustment and upgrading of industries of the world, promoted the world economic development, and given rise to profound changes in the people's production pattern and consumption structure. In the world of today, the crux of economic and comprehensive national strength competitions among various countries is the competition of scientific and technological strength and the focus of competition is high technology and related industries. The development of high technology and its related industries represents the main aspect of scientific and technological advances of the present world and has become one of the important indications of comprehensive national strength. We can foresee that high technology and its related industries will be more rapidly developed during the next century and will greatly influence the economic development of human society.

The development of high technology and its related industries has received great attention in China. In 1986, the state organized the implementation of the high-tech research and development plan, which was called the "863" plan, selected seven key fields, including biological technology, aerospace technology, information technology, laser technology, automation technology, new energy technology, and new materials technology, and organized competent ranks of scientists and technicians to monitor the world's high-tech development. Through nearly a decade's efforts, a batch of important findings were achieved, which contributed greatly to social economic development. This endeavor must be insisted on in line with the existing plan.

We are now at the turn of the century. The next 15 years or more will be an important period for China's modernization construction as well as a crucial period for building the socialist market economic system. Through years of development, the overall scale of our country's economy, especially industry, has reached a fair size. However, the technology and management levels have remained low, economic efficiency has been not high, and extensive management has been carried in many fields. These cannot meet the needs of economic development and competition in the international markets. In the final analysis, to change this situation, we must

rely on scientific and technological strength. Vigorously developing high technology and its related industries and using new technology to transform traditional industries is an important measure for accelerating the readjustment of industrial structure and enhancing the overall quality of national economy and an inevitable choice for realizing the modernization strategic objective. Grasping high technology and its related industries means grasping the dragon head of scientific and technology progress. We should realistically pay attention to and support the development of high technology and its related industries, grasp the trend of high-tech development, place it in a priority position of the national economy, and enable it to have greater development.

The book "At the Turn of the Century: A Dialogue With Experts in Science and Technology" compiled by more than 50 scientists gives an account of high technology and its development trend to the readers in a form which is easy to understand. These scientists have played a good leading role in disseminating high-tech knowledge. In order to enhance the scientific and cultural qualities of the whole nation, we must vigorously strengthen the work of disseminating high technology as well as general scientific and technical knowledge. Leading cadres at all levels should make greater efforts to study scientific and technical knowledge. This requires lots of highly rated popular science books. It is hoped that more scientists as well as scientific and technical workers will pay attention to and participate in the work of disseminating scientific and technical knowledge and make contributions to raising the scientific and cultural qualities of the whole nation.

#### Wen Jiabao Calls For Youth To Study Science OW3105130495 Beijing XINHUA in English 1236 GMT 31 May 95

[FBIS Transcribed Text] Beijing, May 31 (XINHUA) — The Chinese government has called on scientific workers, especially academicians and established scientists, to step up efforts for the spread of scientific knowledge among teenagers, in the hope that they will further spread the knowledge in their families and society to form a social network.

"Party committees and governments at all levels should take various measures to support and encourage research institutes and labs to open to teenagers," Wen Jiabao, alternate member of the Politburo of the Central Committee of the Communist Party of China (CPC) and member of the secretariat of the CPC Central Committee, said here today at a ceremony marking the start of a national campaign titled, "Science and Technology Propagation Action".

Scientific workers, in particular academicians and established scientists, are encouraged to give teenagers lectures on scientific knowledge, give them directions in science and technology activities, write articles and employ various forms acceptable for and welcomed by teenagers to spread knowledge about science and technology, Wen said.

The China Science and Technology Association has decided to carry out the action among the teenagers this year in a bid to prepare them for the challenge of the coming century, according to Zhu Guangya, chairman of the association.

The crucial link in the campaign is how to mobilize as many scientific workers as possible to take part in the work, Zhu said. He called on science and technology associations at all levels to fully play their roles and, in co-operation with educational departments, create more favorable conditions for scientific workers' participation.

Forty-five national societies, associations and institutes under the China Science and Technology Association jointly proposed that every science body recommend to teenagers at least one outstanding achievement in the popularization of science and technology knowledge every year, organize a relevant activity, open labs to teenagers, and send them relevant equipment and books.

In Beijing 136 scientific workers have been invited to be after-school science and technology tutors, 48 of whom are members of the China Academy of Sciences or China Academy of Engineering.

The campaign has also started in other provinces, autonomous regions and municipalities around the country.

A total of 500 youth representatives of the capital, academicians, scientific workers, government officials, and representatives from the United Nation's Children's Fund and United Nation's Educational, Scientific and Cultural organization attended the opening ceremony.

#### **Li Lanqing Addresses Science Conference**

**HK0106052095** *Beijing CHINA DAILY in English*  
31 May 95 p 1

[Article by He Jun: "Meeting Marks Shift for Science"]

[FBIS Transcribed Text] Ministries and local governments must set specific goals and take concrete measures to help the national economy develop through science and education, Vice-Premier Li Lanqing says.

He made the comment yesterday at the closing ceremony of the National Science and Technology Conference.

The historic five-day meeting marked the country's decisive embracing of a technology-oriented course of development.

Both the central and local governments are to make the new strategy their guiding principle in drafting their Ninth Five-Year Plan (1996-2000) and their long-term plans to 2010.

Plans for scientific and technological development should focus on promoting economic and social progress and be directed towards resolving the key problems hindering the country's development.

Ministries and local governments must adopt specific steps for realizing the goals set at the conference, such as increasing national investment in research and development to 1.5 percent of gross domestic product (GDP) by 2000.

While calling on governments to improve the living and working conditions of researchers, Li also urged researchers to closely co-operate with the industrial sector.

The central government plans to grant 100 more research institutes the right to conduct foreign trade, in a bid to encourage the practical application of research achievements, he said.

State Councillor Song Jian called on scientists to become more creative. This is "the fundamental support for China's modernization drive," he said.

Opening up and strengthening international co-operation in scientific fields is the country's consistent policy, Song said. We can have equal exchanges and co-operation, and win respect and take initiatives only on the basis of strong creativity, he said.

"China's modernization must mainly rely on our own efforts."

China can only achieve power and prosperity through technological progress, he said. "Over-consumption of natural resources and sacrificing biological environment can only trade temporary success."

He urged governments and scientific groups to set higher goals and adopt policies favourable to the development of high technology, in a bid to expand hi-tech industry.

Hi-tech development should focus on renovating traditional industries, developing hi-tech products and upgrading agricultural technologies, Song said.

He also called for strengthening the protection of intellectual property rights to encourage creativity.

Heightened awareness of science and technology in the nation, especially among decisionmakers, is decisive for the modernization drive, he said, calling for more efforts to spread basic scientific and technological knowledge.

He also called on scientists to provide data on which governments can base decisions.

Further reforms are crucial for the implementation of the new strategy, Song said. These should focus on establishing "an open, flexible, competitive and co-operative" research environment, while pushing more scientists into the market.

In the next decade, the central government will support some 100,000 scientists engaged in basic research.

#### Wei Jianxing Views Decision on Progress

OW0106063595 Beijing XINHUA Domestic Service  
in Chinese 1204 GMT 22 May 95

[By reporter Huang Wei (7806 1218)]

[FBIS Translated Text] Beijing, 22 May (XINHUA) — Speaking at a forum for scientists and entrepreneurs studying the "Decision of the CPC Central Committee and State Council on Accelerating Scientific and Technological Progress," in Beijing today, Wei Jianxing, member of the CPC Central Committee Political Bureau and Secretariat, and secretary of the Beijing Municipal Party Committee, said: To carry out the "Decision" and accelerate Beijing's scientific and technological progress, we must give full play to the capital's strong points in science and technology and, at the same time, depend on workers' intelligence and wisdom.

Wei Jianxing said: The "Decision" issued by the CPC Central Committee and State Council is very important. Science and technology is not only a major force that pushes forward economic and social development but also a factor that determines whether a country is strong and prosperous or not. The Beijing Municipal Party Committee, municipal government, and party committees and governments at all levels must conscientiously study and resolutely carry out this decision. In this decision, the CPC Central Committee put forward the strategic policy of "rejuvenating the country through the application of science and technology and promotion of education," urging us to develop the economy on the basis of scientific and technological progress and quality of workers. Therefore, from now on, in addition to launching only new projects, Beijing will base its economic construction on the reform, reorganization, and transformation of current enterprises; and on increasing technological content and improving efficiency of these enterprises. To accomplish this goal, we must take the initiative to enhance cooperation with research institutes

and higher educational institutes based in Beijing and pay attention to technological reform and development in enterprises. At the same time, we must launch technological innovation campaigns among the masses and encourage the people to contribute reasonable suggestions. Moreover, we must continue to open wider to the outside world and introduce in advanced foreign technology. In addition, we must continue to summarize experiences on how to further transform scientific and technological research results to productive forces. By doing so, we can provide policy, institutional, and operational guarantees for carrying out the "Decision."

Wei Jianxing said: The key to carrying out the CPC Central Committee's strategic policy of "rejuvenating the country through the application of science and technology and promotion of education" lies with leading cadres. Cadres of various levels in Beijing must study Comrade Deng Xiaoping's exposition on the theme "science and technology constitute a primary productive force," acquire scientific and technological knowledge, enhance awareness of science and technology, and increase the consciousness of scientific policy-making.

Wei Jianxing said: It is very good that the Beijing Municipal Government invites experts and scholars in Beijing to forums on a regular basis to hear their opinions. From now on we will not only establish a conference system to solicit opinions but also will strengthen overall plans and coordination to make this kind of activity more constructive and in a better order.

Today's forum is one of the major activities during the Beijing science and technology week. A total of 15 scientists and entrepreneurs discussed their views on studying the "Decision" and voiced opinions on Beijing's scientific and technological development.

#### APSTC To Launch U.S.-Made Satellite

OW3105154295 Beijing XINHUA in English  
1501 GMT 31 May 95

[FBIS Transcribed Text] Beijing, May 31 (XINHUA) — The Hong Kong-based Asia-Pacific Satellite Telecommunications Company Ltd (APSTC) will employ a Chinese rocket carrier to launch a communications satellite as a substitute for one which failed earlier this year.

According to a company official, the new satellite, made by a U.S. company, was named "Asia-Pacific NO.2 R". With 16 powerful transmitters, the satellite will be able to send signals to a wide range of places from Japan, Australia, Central Europe and Russia to most parts of Africa.

The satellite will be carried by a "Long March NO.3 B" rocket, the biggest ever made by the China Great Wall

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Industry Corporation. The launch will be made at the Xichang Satellite Launching Center sometime between December 1996 and February 1997, the APSTC official said.

The "Asia-Pacific NO.2" exploded seconds after it was launched by a China "Long March" rocket carrier on January 26 this year.

The "Asia-Pacific NO.2 R" will be the fourth satellite to be launched by APSTC, which was formed in April 1992.

**Science Academy President on Economic Challenges**

*HK0106052495 Beijing CHINA DAILY in English  
31 May 95 p 4*

[Unattributed report: "Scientists Can Ensure Future"]

[FBIS Transcribed Text] As the world enters the 21st century, Chinese scientists are facing a grave challenge to spur economic development, said Zhou Guangzhao, president of the Chinese Academy of Sciences.

They have to consider two sides of this issue. On the one hand, the country must speed up economic development to narrow the gap between it and developed countries.

On the other hand, the country must use its resources carefully to avoid the environmental disasters suffered by many developed economies.

To sustain healthy growth, the country should work to preserve resources, control population growth and hold back the increasing income gap between the rich and poor, said Zhou.

China faces serious shortage of oil and other raw materials, making energy very limited.

Scientists have urged that it is imperative for the country to have a long-sighted view for economic development and adopt a mode that saves natural resources.

Therefore, in selecting projects, governments should not only consider the impact of stimulating consumption at the present, but take the long-term environmental capacity into account, said Zhou.

For instance, many poor places have set up small-sized coal mines. They have spurred local economies in the short-range. However, while the benefits of these industries are appreciated, they greatly corrupt the environment and will leave the region worse off in the long run, he said.

Another consideration, Zhou said, is that the country's main grain planting areas have been shifting northward where water is in great undersupply. It is imperative to promote water-saving agriculture to guarantee the country's grain output.

Meanwhile, the income gap between the poor and the rich should be controlled. Otherwise the affluent lifestyles will waste the resources, and the poor will be left to extort from the nature and damage the environment in order to shake off their poverty, he said.

China must find a way of its own to further economic growth quickly. It is important for the country to depend mainly on its own scientific strength and the latest science and technology to achieve the growth, said Zhou.

To catch up with the developed nations and take the upper hand in the global market, China must develop science and technology that can preside over the world research sector, he said.

This poses a great challenge for the country's scientists.

According to the president, China has made marvelous achievements in science and technology during its long history.

The development of science and technology requires good social conditions which include powerful government leadership and a strong national industry that relies on the nation's self-developed science and technology, said Zhou.

He said that the high technology is an important part of a country's overall strength. At present science and technology are developing at high speed, especially those sciences of life information, cognition, materials, environment and non-linear issues.

These pioneer sciences will have a strong impact on the eco-social development and lifestyle of the next century, he said.

Though many research institutes have set up high-tech companies, the country's high-tech industry is still underdeveloped.

Under the current system, science and technology are often separated from economic activities. The talent and initiative of scientists have not been tapped fully, Zhou said.

Fortunately, as a developing country, China has recently made a correct historical choice by encouraging most scientists and technicians to work in factories and rural areas for the national economy.

Science and technology can only gain insight and ideas from practice and by pushing forward economic development, he said.

**Commentary Marks Close of Conference**

*OW0106030995 Beijing Central People's Radio Network in Mandarin 2230 GMT 30 May 95*

[Station commentary from the "News and Press Review" program: "Let Us Achieve a Major Development of the Primary Productive Forces"]

[FBIS Translated Text] We would like to extend our warm congratulations on the complete success of the National Conference on Science and Technology. Soon after the CPC Central Committee and the State Council promulgated the Decision on Accelerating Scientific and Technological Progress not long ago, they convened the national conference. The conference represented a mobilization order — an order calling for implementing in an all-round way the idea of science and technology being the primary productive forces, and for vigorously liberating and developing the science-technology productive forces — issued to all party members and the people of all nationalities across the country by the Party Central Committee with Comrade Jiang Zemin at its core. The conference will surely go down in history as another milestone of promoting China's scientific and technological development.

This year's conference reminds people of the national science conference of 17 years ago. It was at that conference that Comrade Deng Xiaoping put forward two theses — science and technology are productive forces, and intellectuals are a part of the working class. The two mutually complementary theses have ushered in a spring of science in China. In 1988, Comrade Deng Xiaoping took a further step to put forward the idea that science and technology are the primary productive forces, which created a new situation of thriving science and technology. Since the Third Plenary Session of the 11th CPC Central Committee, China has actively and comprehensively promoted the reform of the management system for science and technology; and its science and technology work has undergone a historic change. The management system for science and technology is changing to meet the requirements of the socialist market economic structure and the needs of its own development. Science and technology work has shifted its strategic emphasis to economic construction, and it has made outstanding contributions to promoting economic and social development, enhancing overall national strength, and improving the people's living standards. We would like to pay our highest respects to the scientists and technicians across the country.

Since the beginning of the nineties, China's science and technology work has faced new problems concerning reform and development, as well as opportunity and challenge. To ensure the successful attainment of the

strategic objectives of China's modernization in three steps, and to keep the initiative in our own hands in the world competition of both this century and the next, we must make major developments in science and technology, which are the primary productive forces.

We should see that it is not an easy job to make major developments in science and technology as the primary productive force. It calls for all party members, the people across the country, and particularly leading cadres at all levels to understand even more thoroughly Comrade Deng Xiaoping's exposition on science and technology work, and to implement comprehensively and item by item the decision of the CPC Central Committee and the State Council on accelerating scientific and technological progress and the guidelines of this conference. Let us work under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, unite around the Party Central Committee with Comrade Jiang Zemin as the core, accelerate the pace of rejuvenating the country through the application of science and technology and promotion of education, and march in giant strides into the 21st century.

**Military & Public Security**

**Mobile ICBM Reportedly Tested**

*HK3105135895 Hong Kong Television Broadcasts Limited in English 1200 GMT 31 May 95*

[From the "News at 8:00" program]

[FBIS Transcribed Text] China is believed to have test-fired an intercontinental ballistic missile [ICBM] that is capable of reaching Europe and the American west coast. Japanese media reports quoting defense sources say the weapon's test was carried out two days ago, and Tokyo's top government spokesman has confirmed the reports. The Dongfeng 31 missile, with a range of 8,000 km, is said to be China's first mobile ICBM. It can be fired from the back of a special truck and uses advanced solid fuel. Until it enters service, China is believed to have at least 15 silo-based ICBMs and between 60 and 90 inter-regional ballistic missiles with a smaller range. These rockets burn liquid fuel that requires a cumbersome process to inject. They are all fixed and are comparatively easy to detect. Foreign experts see the successful test-firing of the Dongfeng 31 as a step forward in China's arms technology.

**Military Approves 'Powerful Weapons' for Police**

**HK0106051695 Hong Kong SOUTH CHINA MORNING POST in English 1 Jun 95 p 9**

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] Beijing has equipped the People's Armed Police (PAP) with more powerful weapons to help ensure stability in the post-Deng Xiaoping era. More functions and operations of the paramilitary force have also come under the control of the Central Military Commission, the Army's highest unit.

Sources in the capital said the leadership had recently approved mobile armaments for the PAP. They included tactical hardware normally used by the People's Liberation Army (PLA) such as airships and armoured vehicles. More units of the PAP have also been turned into mobile and emergency squads to deal with contingencies such as urban riots.

The sources said the outlines of the re-structuring were laid down in a joint meeting of the commission and the State Council in April. Senior army and civilian leaders including President Jiang Zemin, premier Li Peng and Central Military Commission Vice-Chairman General Liu Huaqing spoke at the secret session on the more effective use of the PAP to ensure political stability and safeguard the rule of the Communist Party.

The leaders reaffirmed in theory that the PAP should continue to come under the "dual leadership" of the commission and the State Council. However, major areas including command control, training, personnel and logistics have fallen under the commission's jurisdiction. It is understood that this will help ensure the nation's military and para-military forces come under a unified command. Since Mr Deng's health deteriorated markedly last winter, the commission has taken control of more aspects of internal security.

At the April meeting, senior PAP and PLA officers also underscored the importance of loyalty to the party leadership headed by Mr Jiang, who is also commission chairman. The session also approved more funds for the force for new weapons and a more aggressive recruitment drive. The latest official figure on the PAP strength is 680,000. Most Western military analysts, however, have put the number at at least 800,000. The bulk of PAP's finances would still come from the State Council and be separate from the military budget.

Meanwhile, sources close to the PLA said yesterday that the commission had decided to speed up the process of rejuvenation. With the help of commission vice-chairmen General Liu and General Zhang Zhen, Mr Jiang has put together a list of officers in their 40s and

early 50s for promotion in the coming year to senior positions at both PLA headquarters and the military regions. "Recently, Mr Jiang has expressed worries about the problem of ageing in the Army's leadership," a source said. He added that the commission itself would undergo a thorough reshuffle immediately after the 15th Party Congress planned for late 1997.

**Jinan Military Region Holds Rally**

**SK0106070495 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 30 May 95**

[FBIS Translated Text] The Jinan Military Region solemnly held a mobilization rally to explain and publicize the outlines on grass-roots army building in the Bayi auditorium on the morning of 30 May. The purpose was for the organs of the military region to study and implement the outlines. Zhang Taiheng, Du Tiehuan, Zhang Wentai, Tan Naida, Qian Guoliang, Yuan Shoufang, and Hao Baoqing, leading comrades of the Jinan Military Region and the organs of the military region, attended the rally.

Du Tiehuan, political commissar of the Jinan Military Region, made a mobilization speech at the rally. He urged: The army units and organs throughout the whole military region should insist on unifying their thoughts by employing Chairman Jiang's guidance that it is imperative to achieve success in implementation and to achieve a comprehensive progress in the grass-roots construction. We should always emphasize grass-roots construction, increase the momentum to implement the outlines, and work hard to upgrade the overall level of the grass-roots army building. It is imperative to place in the primary position the endeavor of strengthening the ideological and political building when implementing the outlines, lay a solid ideological and political foundation for the broad masses of officers and men, achieve success in the four areas of education, and conduct extensive and deep activities at the grass roots to better educate and discipline new people who have lofty ideals and morality, and activities to learn from the outstanding soldier Duan Zhijun, who devoted himself selflessly. The organs of the military region should pay more attention to the grass-roots army building, strengthen the guidance by policies and the guidance by typical examples, achieve success in implementation according to the requirement of the outlines, and work hard to upgrade the fighting capacity of the army units in the whole military region.

**Jinan PLA Units Study Law on Reserve Officers**

*SK0106071295 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 31 May 95*

[FBIS Translated Text] The party standing committee of Jinan Military Region held a meeting on the afternoon of 31 May to monographically study the PRC's law on reserve force officers. Attending the meeting were members of the party standing committee of the military region, including Du Tiehuan, Zhang Taiheng, Pei Huailiang, Zhang Wentai, Tan Naida, (Ren Guoliang), Yuan Shoufang, and Hao Baoqing.

During the meeting, the participating members of the party standing committee of the military region contended that the party committee and leading personnel of the military region should take the lead in successfully studying the law on reserve force officers so as to enable cadres to be fully aware that they should not only successfully render services for reserve forces but also apply the law on reserve force officers to standardizing their behavior. They must implement the obligation of reserve force officers, should further enhance their sense of responsibility and mission, and should make efforts to devote themselves to the cause of national defense.

**Shandong Holds Meeting on Placing Military Cadres**

*SK3105142195 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 30 May 95*

[FBIS Translated Text] The provincial conference on the placement of military cadres transferred to civilian jobs was held in Jinan on 30 May. The conference set forth: We should proceed from the general task of reform, development, and stability; persist in the guiding thoughts of providing service to economic construction and army building; correctly understand the new conditions in the current placement of military cadres transferred to civilian jobs; strengthen faith and overcome difficulties; implement methods; and do our best to make proper arrangements for cadres transferred to civilian jobs. Vice Governor Zhang Rui Feng, on behalf of the provincial party committee and provincial government, made an important speech at the conference. (Gao Weili), deputy political commissar of the provincial military district, and Yang Chuansheng, deputy head of the organization department of the provincial party committee and director of the provincial personnel department, set forth specific requirements for accomplishing the task of making arrangements for the transferred serviceman. As was learned, the State Council and Central Military Commission planned to send 3,875 military cadres to be placed in Shandong this year. Among them, 11 are cadres at the divisional level, 943 are cadres at

the regimental level, 1,337 are cadres at the battalion level, and 994 are dependents of servicemen working at schools. The total number of cadres to be transferred to civilian jobs, the number of cadres at the divisional level, the number of cadres at the regimental level, and the number of dependents to be transferred all ranked first in the entire state.

The conference pointed out: The task of making proper arrangements for transferred military cadres this year is heavy, highly demanding, and very difficult. All levels and departments should further foster the concept of taking the overall situation into account. We should straighten out the relationship between local interests and overall interests; conscientiously implement the policy for placement; implement the plan of job arrangements to the letter; and truly place all transferred cadres assigned to us. It is imperative to attach importance to the placement of cadres at the divisional and regimental level. According to the regulations of the relevant policies, we should take active measures and resolve their problems in work, duties, and wages. We should further attach importance to exploring and reforming the methods for the housing distribution of cadres transferred to civilian jobs; adopt various measures to solve their housing problems; and make sure these cadres, especially those who bring their dependents, have houses to live in as soon as they arrive. We should conscientiously make arrangements for dependents, especially on the problems of children's transferring to schools, entering schools, and entering nurseries. By so doing, we can resolve those cadres' troubles back at home. Following the division of work, all relevant departments should conscientiously carry out their duties, make concerted efforts, and accomplish the task of placement in a satisfactory manner.

**\*Discussion of National, Foreign Defense Budgets**

*95CM0242A Beijing GUOFANG [NATIONAL DEFENSE] in Chinese 15 Mar 95 No 3, pp 6-7*

[Article by Ku Guisheng (1655 2710 3932), deputy general secretary, Chinese Military Economics Research Center, and instructor in the Scientific Research Department, National Defense University: "Evaluation and Analysis of China's National Defense Budget"]

[FBIS Translated Text] For a long time, in some people's view, China's national defense budget has seemed like "a veil covering a secret" about which views vary greatly, each person holding his or her own. For example, some people in the Western world believe that China has large "hidden" defense expenditures; the national defense budget that the government publishes being only a part of real defense expenditures. In partic-

ular, some who have an ax to grind spread information about how China's national defense expenditures have increased greatly during the past several years, and about how China now poses a threat to East and Southeast Asia. Some people inside China also believe that national defense expenditures have increased rapidly to the detriment of China's balanced social and economic development, etc. As we move into the final year of the Eighth Five-Year Plan, China's national defense budget has once again become a hot topic of concern among people in all walks of life both abroad and inside China. This article presents some views about the growth of the national defense budget during the past several years.

### I. Basis for Drawing Up a National Defense Budget

As with any other major decision, drawing up a national defense budget requires a certain objective basis. Although the situation differs in each of the countries of the world, generally speaking, there are usually three objective bases for drawing up a national defense budget:

#### 1. National development strategy and national security strategy.

The people of a country have not only material needs but security needs. If people have no assurance for even their personal safety, there is no use talking about anything else. Naturally, among nations that practice different national security strategies, the size of their national defense budgets vary. Nations that pursue a policy of aggression and hegemonism usually invest a large amount of money in the military field, while those who pursue a peaceful foreign policy line, put their efforts into development of their own economy, and often the size of their national defense budget, which is only for the prevention of aggression, is generally not large. For example, in 1978, the Third Plenary Session of the Eleventh Party Central Committee decided on a shift in the focus of the country to economic construction, and in 1985, China further decided on a strategic change in the guiding thought for building national defense. Consequently, the national defense budget during the Seventh Five-Year Plan (1986-1990) fell sharply, amounting to about only 1.7 percent of GNP and about 8.5 percent of national fiscal expenditures.

#### 2. Status of national economic development.

In the final analysis, the size of a country's national defense budget must be limited by its economic level. A national defense budget comes from the national GNP and fiscal revenues. If the whole country's economic situation is not good, the national defense budget will feel the pinch. China's economic level is still not high,

and its fiscal revenues are still not plentiful; therefore, this situation must be taken into account when drawing up the national defense budget.

Because of economic system reform, the delegation of authority and the granting of concessions throughout the 1980s, national fiscal revenues as a percentage of GNP steadily declined year by year. Since the financial resources under state control were extremely limited, the size of the national defense budget could not increase greatly. Furthermore, money alone is not enough. One also has to have a certain scientific and technical level and industrial production capacity. This is because one cannot buy needed weaponry just because one has the money to do so; one has to have a certain weaponry production capability as well.

#### 3. Overall status of armed forces building.

A survey of the entire process of armed forces building over a long period reveals the following fact: It usually does not rise or fall in a straight line, or move ahead evenly, but rises zigzag fashion. This means that, everything else being equal, armed forces building itself has stable periods and adjustment period. When numerous problems accumulate in armed forces building itself necessitating readjustments to solve them, the national defense budget increases somewhat. Conversely, it may decline somewhat or remain relatively steady.

The size of the national defense budget must be kept at a proper percentage of GNP, i.e., the national defense budget has to be kept to a certain degree (an "amount limit"). If this "degree" is maintained, development of the national economy will benefit, and armed forces building will benefit too.

### II. Growth of China's National Defense Budget

China's national defense budget for 1995 is estimated at around 60.5 billion yuan. At current year prices, this is an increase of about 16 percent over 1994, making it another substantial increase since the 20.32 percent increase of 1994. This has sparked concern among interested persons both at home and abroad. Therefore, how to understand correctly the growth of China's national defense budget is a crucially important issue. I believe that a correct understanding of the growth of China's national defense budget requires understanding of the following points:

#### 1. The national policy of concentrating on economic construction that Deng Xiaoping crafted is the starting point in drawing up the country's plans and policies; it is also the starting point for understanding the size of China's national defense budget.

China's national development strategy has consistently centered around economic construction ever since 1978. The building of national defense has been shifted to peaceful construction, the building of national defense being subordinate to the building of the national economy overall. Closely related to this is the defensive nature of China's national defense building plans and policies. China is not in an arms race with any country. The national policy that Comrade Deng Xiaoping personally crafted has been widely accepted by the people of the whole country. It will not change. This limits the overall size of China's national defense budget, which cannot grow too much.

**2. China's national defense budget has indeed grown in recent years, but this growth has been substantial in name but very little in fact, or it may have declined.**

The absolute figure for China's national defense budget in 1993 was 43.25 billion yuan renminbi, a nominal 14.3 percent increase over 1992, but prices increased by approximately 13 percent in 1993. Figured at constant prices, the national defense budget increased only slightly more than 1 percentage point.

In 1994, China's national defense budget was 52.04 billion yuan renminbi, up 20.32 percent, but prices increased 21.7 percent, so defense budget actual purchasing power did not increase.

It is estimated that China's 1995 national defense budget will be about 14 percent more than in 1994, but the overall price index for 1994 increased by more than 21 percent; thus, prices are expected to rise by no less than 15 percent in 1995.

Growth of China's national defense budget in the previous three years shows that China used only "current year prices" from which the actual rate of increase cannot be discerned. For example, between 1980 and 1993, the national defense budget increased 1.16 fold, but prices rose 1.3 fold; thus, the real purchasing power of the national defense budget showed a declining trend. The national defense budget for 1995 nominally increased 14 percent of 1994, but it actually declined by several percentage points. Western nations such as the United States usually use both "current year prices" and "constant prices" in calculating their national defense budgets. This is more scientific. Were we to use the two comparative methods that are in vogue internationally, whether China's national defense budget increased or decreased would be immediately apparent.

**3. The increase in China's national defense budget is used mostly for the daily living expenses of 3 million troops.**

Market prices have risen tremendously in recent years, and military manpower costs and operating costs have also risen tremendously. In order to ensure no decline in the basic standard of living of the armed forces, national defense budget allocations have to be used primarily to maintain the standard of living, to maintain equipment, and to look after other things properly. Most of the national defense budget, which has increased slightly during the past two years, has been used to maintain the standard of living. The real purchasing power of equipment procurement money has not increased but decreased.

**III. Comparison of China's National Defense Budget With Other Countries**

Whether China's national defense budget is large or small may be roughly determined by comparing it with other countries'. During the past two years, the national defense budgets of all countries have declined overall, Russia's declining substantially. The United States has made a lot of noise, but its budget has not declined much. However, since the second half of 1994, President Clinton has changed his tune. He proposed to Congress a \$25 billion national defense budget for the following year.

Analysis of statistics from the Swedish Stockholm International Peace Research Institute show the following national defense budgets (figured at comparable prices) for the world's major countries:

**America's national defense budget** for the years 1991 through 1994 was \$288.8 billion, \$299.3 billion, \$267.6 billion, and \$267 billion respectively. Despite the decline, no other country can come anywhere near matching its size.

**The national defense budgets of Europe's three major powers** shows that despite a decline in 1993 from 1992, Germany's budget still totals \$31 billion. France's and Britain's are each approximately \$35 billion.

**Japan's national defense budget**, although not a large percentage of GNP, is still sizeable. It was \$36.6 billion and \$37.7 billion respectively for 1993 and 1994. If military retirement pay is included, its budget for 1995 will reach \$47.2 billion.

**China's national defense budget**, figured at China's official exchange rate, amounted to only \$6.2 billion in 1994, and only \$7.2 billion in 1995. Clearly, China's national defense budget is relatively small.

The national defense budgets of the world's leading nations as a percentage of their GNP and GDP are as follows:

The U.S. national defense budget for 1991 and 1992 amounted to a respective 5.1 and 5.4 percent of GNP for those years. Britain's national defense budget for 1992 totaled 4.0 percent of GNP. France's national defense budget took 3.4 percent of GNP in 1992. Germany's 1992 national defense budget was somewhat less at 2.2 percent. Canada's 1992 national defense budget took 1.9 percent of GNP, and India's national defense budget took 2.6 percent of GNP in 1992.

China's national defense budget was a very small percentage of both GNP and the government fiscal budget, and it declined steadily. For example, the national defense budget as a percentage of GNP was 1.64 percent in 1990, 1.64 percent in 1991, 1.57 percent in 1992, 1.4 percent in 1993, and less than 1.4 percent in both 1994 and 1995. Its national defense budget as a percentage of the national fiscal budget was 8.45 percent in 1990, 8.7 percent in 1991, 8.6 percent in 1992, and 8.7 percent in 1993.

Analysis of data provided by the Swedish Stockholm International Peace Research Institute's data bank shows that for most of the more than 100 countries (or territories) for which statistics were available in the early 1990s, the national defense budget took between 2 and 4 percent of GNP or GDP, i.e., about 40 percent of the total number. This included both developed countries and undeveloped countries of Asia and Africa, which were generally at peace. Meanwhile, China's national defense budget as a percentage of GNP was less than 1.5 percent, below the world average. Clearly, China's national defense budget is small by comparison with that of other countries of the world, and it is also

lower than that of other countries of the world as a percentage of GNP. Therefore, statements that China's national defense expenditures have grown too much and too fast, and that they hurt China's social and economic development will not hold water. Statements that the increase in China's national defense budget already poses a threat to East and Southeast Asia are absurd.

Some western scholars and officials sometimes refer to China's "hidden military expenditures" and the "transparency" issues. As a practical matter, for various reasons there really are some payments that are indirectly used for national defense activities that are not included in the national defense budget figures that China's State Statistical Bureau publishes. Expenditures for certain scientific research and capital construction projects are examples.

I feel as follows about this: First, the specifications that each of the world's countries, including developed Western countries, use in figuring their national defense budgets contain, to a certain extent, some national defense expenditures that are not included in the national defense budget. Take the highly "transparent" United States, for example, where nuclear weaponry and space navigation weaponry research and development expenditures for the energy, and the air and space departments are not included in the national defense budget. Second, such expenditures are not a very large percentage of the overall national defense budget. They do not impair analysis of the overall size and structure of the national defense budget.

### General

#### Labor Disputes 'Surged' in Beijing in 1st Quarter

HK0106052295 *Beijing CHINA DAILY* in English  
31 May 95 p 3

[Article by Zhao Huanxin: "Labour Disputes Increasing in Beijing"]

[FBIS Transcribed Text] Labour disputes in Beijing surged in the year's first quarter, following the formal implementation of a new labour law on January 1.

And local labour officials say this shows that more people are learning to protect their rights.

By the end of March, Beijing had recorded 321 labour disputes, up 53.6 percent from the 209 recorded during the same period last year, said Wang Chengjing, a director of the Beijing Labour Bureau.

The fact that long-hidden labour disputes are now being brought forward shows that the labour law works, Wang said.

Designed to standardize labour relations and to protect the rights and interests of both employees and employers, the landmark labour law encourages people to deal with labour-related disputes in a legal manner.

In 1994, the Labour Arbitration Department under the Beijing Labour Bureau registered 1,043 labour disputes—2.6 times the number recorded in 1993. And last year's figure is almost as much as the 1,146 disputes recorded in the six previous years.

The modest conditions of workers in some enterprises and an increasing number of infringements upon employee rights, as well as a widening awareness of the labour law, have all contributed to the rising number of labour disputes, said Wang.

According to an investigation by the Beijing Labour Bureau 32.7 percent of this year's labour disputes were triggered by failure to meet the monthly minimum wage requirement of 210 yuan (\$26) and failure to make overtime payments, while 23.9 percent occurred in overseas funded enterprises.

Unlike the old labour system which dealt with labour disputes through administrative means the 10th chapter of the new labour law stipulates that details of disputes should be submitted to co-ordination and arbitration committees consisting of representatives from labour departments, trade unions and work units. In extreme cases, details should be sent to the People's Court, the chapter stipulates.

Wang said 301 out of 321 labour disputes in Beijing were settled in the first three months of the year in

accordance with the new labour law. Of these disputes, 117 were settled in favour of employees.

The Beijing Labour Bureau is now working to help more than 2 million workers in the capital sign labour contracts with their work units this year, Wang said.

Wang predicts that labour disputes will decrease as the labour law becomes more widely implemented.

#### Supervisory Groups To Go to State Enterprises

HK0106002995 *Beijing ZHONGGUO XINWEN SHE*  
in English 1314 GMT 31 May 95

[FBIS Transcribed Text] Beijing, May 31 (CNS) — The Chinese State Economic and Trade Commission and the National Administrative Bureau of State-owned Assets have put forward a proposal for the dispatch of supervisory councils to state-operated enterprises. The first batch of ten firms, which have been vested by the state to be changed into solely state-funded companies, have been chosen as pilot enterprises to receive supervisory councils.

In the proposal, the supervisory councils have been defined as organizations to be dispatched by higher regulatory institutions based on need to oversee the situation of keeping the value of assets stable and accrued. Therefore, such supervisory councils are different from company supervisory boards as stipulated in "Company Laws".

The supervisory councils will carry out their work based on the following four principles:

1. To protect enterprise capital and safeguard owners' interests and rights;
2. To ensure enterprises have implemented relevant financial stipulations of the state;
3. Not to interfere in operations of enterprises;
4. Not to have direct control over corporation property of enterprises.

The main duties of the supervisory councils are:

1. To check annual financial statements of enterprises which have been audited by certified public accountants;
2. To inspect whether assets dealings of enterprises meet relevant state stipulations; to oversee and evaluate the economic efficiency and situation of assets accretion of enterprises;
3. To check financial accounts and relevant information of enterprises according to the need;
4. To query, supervise, evaluate and keep records on the management personnel of enterprises.

**CPC Issues Circular on Stemming Corruption**

*OW2905154095 Beijing XINHUA in English  
1521 GMT 29 May 95*

[FBIS Transcribed Text] Beijing, May 29 (XINHUA) — The Communist Party of China's Central Commission for Discipline Inspection made public here recently a circular on stemming corruption in state-run enterprises.

The circular lists the following practices as corrupt and demands that the leaders of state firms guard against any infringement:

- Accepting kickbacks, introduction fees and monetary gifts in the course of business operations;
- Accepting wages or bonuses from concurrent posts in violation of relevant rules;
- Running private businesses, whether involved in commodity sales or manufacturing industry;
- Using their rights to provide convenience for family members or relatives to run businesses;
- Owning or occupying more houses than allowed;
- Buying or building with public funds houses exceeding the relevant standards;
- Buying cars when an enterprise is in the red or when workers' wages are in arrears;
- Buying imported luxury cars.

The circular says that offenders will face administrative discipline; cases of violation of the law will be handled by judicial organs.

**Income Tax Collection Rises 84% in 1st 4 Months**

*OW0106085195 Beijing XINHUA in English  
0809 GMT 1 Jun 95*

[FBIS Transcribed Text] Beijing, June 1 (XINHUA) — China collected 3.3 billion yuan (about 389 million US dollars) in individual income tax in the first four months of this year, 84.5 percent more than the figure in the same 1994 period, according to the State Administration of Taxation (AST).

Tax collection increased in all provinces, municipalities, and autonomous regions of the Chinese mainland except the Tibet Autonomous Region, the AST said.

Twenty-four of them saw individual income tax revenues rising by more than 40 percent between January and April, with that in ten of them more than doubled, the AST said, adding that central China's Henan Province registered the biggest increase of 269.2 percent in the period.

The top five sources of individual income tax were south China's Guangdong Province, Beijing, Shanghai, northeast China's Liaoning Province, and southeast China's Fujian Province. Guangdong alone provided some 619.2 million yuan (about 73 million US dollars), accounting for 18.8 percent of the national total.

Last year China collected more than 7.2 billion yuan (about 852 million US dollars) in individual income tax, which was an increase of 54.9 percent over the previous year.

In spite of this immense recent increase, AST officials say that individual income tax evasion is still widespread, largely because of lax law enforcement and lack of awareness of the need to pay the tax. The tax was introduced in 1980 but was never really implemented until last year when China revised its Individual Income Tax Law.

The new law has graduated tax rates from five to 45 percent, with taxable rate starting at 800 yuan (about 95 US dollars) a month and going up to earnings of 100,000 yuan (about 11,834 US dollars) or more a month.

**Product Quality Certification Committee Set Up**

*HK0106003095 Beijing ZHONGGUO XINWEN SHE  
in English 1246 GMT 31 May 95*

[FBIS Transcribed Text] Beijing, May 31 (CNS) — A state-level certification committee for authentication of product quality was formally set up today. It is the fourth organization of its kind following establishment of a state-level certification committee for authentication of quality system, a state-level laboratory certification committee and a state-level registration committee for authenticators, all of which were approved by the State Bureau of Technological Supervision. Establishment of the organization represents a sound evaluation system in China.

The new committee comprises 30 experts and representatives from relevant government departments and social groups. The main duty of the committee is to assess examination and evaluate work documents, while at the same time carry out evaluation and inspection of authentication institutions, before reporting to the Bureau of Technological Supervision. The committee is to deal with complaints raised by authentication institutions against inspection and work evaluation by inspection teams.

The authentication of product quality has an almost 100-year-old history in economically developed countries and a set of practicable means in place. The authentication work started in China since 1981, and law as well as regulations on authentication work have been

basically formulated. About 14 authentication institutions for product quality were set up in such sectors as machinery-building, electronics, light industry, construction materials, chemical industry, medicine, food and metallurgy. They have issued some 8,000 certificates to 3,300 enterprises for their product quality.

The deputy director of the Bureau of Technological Supervision, Wang Yiming said that a sound quality authentication system had been formed. Further steps will be taken to set standards for authentication of product quality. The authentication work on product quality will be carried out at a steady pace in accordance with the state law.

#### Digital Telecommunications Network Completed

OW3005040995 Beijing XINHUA Domestic Service  
in Chinese 0258 GMT 13 May 95

[By reporter Feng Yizhen (7458 0076 3791)]

[FBIS Translated Text] Shanghai, 13 May (XINHUA) — A 900 mega-cellular digital all-pass mobil communication network, which was planned and constructed simultaneously for Beijing, Tianjin, Shanghai, and Guangzhou, has been basically completed. After being connected with the postal telecommunication networks, it will be formally put into operation in July this year. Applications for user subscriptions will begin 17 May.

The digital mobil communication network, financed and constructed by the China United Communications Company, Ltd., has a communication capacity of more than 200,000 switches, of which about 80,000 have been completed in the first phase of construction. With the completon of 20 base stations so far and some 30 more before the end of this year, Shanghai's mobil communication capacity will reach 50,000 switches. When these are combined with the expansion project for A and B stations by the Shanghai postal telecommunications networks, Shanghai's mobil communication capacity will reach 200,000 switches, thus alleviating the strain on mobil communication.

The Beijing-Tianjin-Shanghai-Guangzhou digital mobil communication network is the first in the country to use nationally unified network numbers. After it is put into operation, the network will provide mobile service to subscribers, who will be able to use the telephones in another locality without registering or changing their numbers.

#### Guangdong's Textile Sector Set Records

OW2905092995 Beijing XINHUA in English  
0741 GMT 29 May 95

[FBIS Transcribed Text] Beijing, May (XINHUA) — For the first four months of this year, the light industry and textile sectors in Guangdong, the booming province next to Hong Kong, generated 32.8 billion yuan worth of goods calculated at the 1990 prices, up 14.5 per cent over the same period of last year.

The "Consumer Daily" here said these sectors also made a record sales volume of 42.5 billion yuan, up 67.96 percent from the same period of 1994, as well as an exports volume of 9.2 billion US dollars, a rise of 42.48 per cent form the same period of last year.

Statistics show that the sectors turned over profits and taxes totaling 1.19 billion yuan in the first three months of this year, 21.8 percent more than the same period of last year. For the light industry, the profits were 4.25 times the corresponding period of 1994, according to the report.

Local economists attributed such a rapid growth to the ongoing readjustment of the product structure, which is regarded as a result of the enterprises' unremitting efforts to establish a healthy economy focusing on quality and benefits.

One example is the State-owned Guangzhou Battery Factory, which shifted itself to a high-tech-oriented production structure specializing in higher value-added products.

The first quarter of this year saw the factory raise its sales to 104.3 million yuan, up 69 per cent form the same period of last year, and realize an increase of 38.4 percentage points in exports volume, the paper said.

Another big fist in the sector, the Guangdong Light Industry Machinery Group, generated a sales of 45.12 million yuan in the January-April period, and turned out profits totaling 3.77 million yuan.

#### Output of Textiles for Apr

HK2505113895 Beijing CEI Database in English  
25 May 95

[FBIS Transcribed Text] Beijing (CEIS) — Following is a list of the output of textiles in April 1995, released by the State Statistical Bureau:

Item	Unit	4/95	4/94
Yarn	10,000t	45.94	45.36
Yarn	10,000pc	255.66	252.43
Cloth	100m.m	16.88	15.63
of: Pure cotton	100m.m	9.44	8.59
Chemical fiber	100m.m	4.07	4.11
Silk	10,000t	0.78	0.81
Silk fabric	100m.m	3.04	2.70
Woolen fabric	10,000m	2590.34	2290.25
Knitting wool	10,000t	3.05	2.36
Garment	100m.pc	3.61	3.22

Note: t — ton, pc — piece, m.m — million meter, m.pc — million piece

## Finance & Banking

### Investors Compensated in Treasury Bond Futures

HK0106052695 Beijing CHINA DAILY in English  
31 May 95 p 7

[Article by Zheng Jie: "Treasury Bond Futures Settlement Continues"]

[FBIS Transcribed Text] Shanghai — More than 6,000 investors with the Shanghai Stock Exchange (SSE) had been compensated for 710,000 lots of State treasury bond futures by Monday [20 May], according to the Shanghai Securities News.

This accounted for about 60 percent of all positions held by investors before the government halted bond futures trading on May 18.

One State treasury bond lot is worth 20,000 yuan at face value.

To make sure that positions were closed before today's deadline, the SSE held a special settlement session outside the exchange on Monday afternoon.

A total of 160,000 lots of futures were settled during that session, according to the SSE.

The remaining futures, the exchange said, were required to be closed at prices in accordance with those of Monday's session.

Some problems arising from the settlement process were left to be solved, the paper said, but it did not elaborate.

The huge amount of positions made it especially difficult for Shanghai to handle the issue, the paper said.

Investors were required to unwind their bond futures positions May 31.

The China Securities Regulatory Commission suspended trading following a number of trading violations on the market.

The country's securities watchdog said China is not yet ready for the experimental trading.

The SSE held its first special trading session last week so investors could square their positions through agreement. Some 140,000 lots of treasury bond futures, 20 percent of the total were closed on that day, according to the SSE.

The remainder was supposed to be settled automatically through computer system at the SSE. But little progress has been made due to sharp difference between investors taking long and short positions, traders said.

### Treasury Bond Futures Traders Comply With Order

OW0106075395 Beijing XINHUA in English  
0705 GMT 1 Jun 95

[FBIS Transcribed Text] Shanghai, June 1 (XINHUA) — Firms trading in treasury bond futures nationwide have unwound all their contract positions over the past two weeks as ordered by the China Securities Regulatory Commission (CSRC), the country's stock market regulator, according to sources at the Shanghai Stock Exchange.

On the 17th of last month the CSRC issued a circular ordering an immediate halt to treasury bond futures trading, banning all member firms from building new positions from the following day, and asking that all firms must have their positions offset through negotiation by May 31.

Government sources say that the circular has been implemented in the country's eight largest treasury bond futures markets of Shanghai, Shenzhen, Wuhan, Beijing, Tianjin, Shenyang, Hainan, and Guangdong.

Statistics show that more than 1.35 million lots of treasury bond futures contract positions were unwound by May 30, one day ahead of the government-set deadline.

In Shanghai, more than 717,700 lots of contract positions have been offset. One lot in China's largest government bond futures market here is worth 20,000 yuan (2,370 US dollars).

In Shenzhen, where the value of one lot is 10,000 yuan (1,180 US dollars), a total of 340,700 lots of positions had been unwound by Wednesday.

The work of offsetting positions on other smaller markets had finished between May 25 and the May 31 deadline.

#### **Bank of China Closes Credit Cooperative**

*OW3105134895 Beijing XINHUA in English  
1324 GMT 31 May 95*

[FBIS Transcribed Text] Shenzhen, May 31 (XINHUA) — The Jinwei Credit Co-operative in this special economic zone was closed down early this week by the local branch of the People's Bank of China (PBOC), the central bank.

Jinwei was shut because it did not have enough equity funds as stipulated by law, extended loans with interest rates exceeding the ceiling set by the government, operated beyond its operation limit, and raised funds illegally, according to official sources.

Jinwei's chairman of the board was also found to have abused his power and provided loans without proper authorization.

Jinwei was set up in September 1993 by five enterprises.

The decision to close Jinwei was the result of a four-month investigation. The local branch of the PBOC took over Jinwei in February.

Of Jinwei's 44 million yuan in debt, 14.04 million yuan has been discharged, according to official sources.

China has listed strengthening supervision over the financial sector as one of its top priorities this year.

#### **\*Article Discusses Sources of Foreign Capital**

*95CE0404A Shenyang BOHAI SHANGBAO  
in Chinese 28 Mar 95 p 3*

[Article by Xu Qiuyang (1776 4428 7122), Zhao Guangyou (6392 1639 2589), and Wu Xiaodong (0702 2556 0392): "Expand International Financing Sources, Develop Enterprise Economy"]

[FBIS Translated Text] As of the end of June 1994, the negotiated amount of direct foreign investment in China through the 200,000 foreign-funded enterprises had hit \$266 billion, and the actual amount of invested capital had totaled \$76.6 billion. The inflow of the large amount of foreign capital has given a great impetus to our economic development. Last year the value of exports registered by the "three kinds of foreign-funded enterprises" reached \$25.24 billion, making up 27.5 percent of China's total exports. Meanwhile, with joint ventures and cooperative operations serving

as bridges, Chinese enterprises have been able to revamp their operational mechanisms, improve their technological and managerial levels, link themselves with the international economy, and gradually boost their competitiveness on the international market. As we keep advancing in our reform and opening drive, making rapid improvement in our economic environment and drastic changes in our economic mode, foreign investors are optimistic about cooperating with our country, believing that such cooperation will give them the advantage of not only cheap labor costs, but more importantly the huge market in China. Also, investors in China are not only welcomed by the government and partner enterprises, but they can make stable profits with relatively low risks. For this reason, channeling large amounts of investment funds into China and "integrating" with the Chinese economy have become the "vogue" today in the development of the world economy.

Our economy is just taking off, and the drive to open ourselves on all sides is still in the initial stage. At this time, our economic development in various regions and industrial fields still needs to be supported by large amounts of capital. Foreign investment introduced through the "three kinds of foreign-funded enterprises" is just one of the major ways of utilizing foreign capital. According to international practice, enterprises may get financing from abroad, and this may be regarded as a new direction in expanding our utilization of foreign capital. As an experiment, some of our enterprises have already taken steps in this direction, and have gained certain achievements and experience. The following described the principal methods they have used to obtain financing from abroad: 1) Financing by selling shares. This is the acquisition of foreign capital through the issuance of shares. Specifically, there are three ways to do this: One is to issue B shares to be listed in the Shanghai or Shenzhen securities exchanges. Chinese enterprises may sell B shares to overseas investors to obtain foreign-currency capital. Such transactions may be conducted in the securities exchange either in Shanghai or in Shenzhen. At present, 50 Chinese enterprises have issued B shares, which are listed in Shanghai or Shenzhen, totalling more than \$2 billion at current prices. The second way acquire foreign capital through the selling of shares is to have shares listed overseas. This is the most direct channel for Chinese enterprises to obtain capital from abroad. By issuing and listing shares overseas, they can get large amounts of capital. Last year, the China Securities Regulatory Commission approved the listing of shares overseas by 22 enterprises. In a related technique, instead of directly issuing and listing shares overseas, some Chinese enterprises have adopted the alternative method of buying share-holding rights.

In this method, an enterprise purchases the shareholding rights of another company whose shares have been listed overseas. Then the enterprise uses the rights obtained to raise funds or develop other forms of business, thereby achieving the same goal as a listed company. The third way to acquire foreign capital through the selling of shares is to issue pre-entrusted securities. Pre-entrusted securities, also called "depositary receipts," are an instrument identifying the investor's ownership of shares issued by a company in another country and entrusted to a financial institution. To foreign investors, this method is less cumbersome than buying shares directly from Chinese enterprises in terms of trading procedures, currency conversion, and regulations and laws. As far as the issuing companies are concerned, this method will enable them to enlarge their pool of shareholders and build up their reputations. Pre-entrusted securities are applicable to both listed shares and newly issued shares, though they are more convenient for the former. This fund-raising method is expected to become one of the direct channels for Chinese enterprises to get financing from the international capital market.

2) Financing by selling bonds. Enterprises may raise funds by selling bonds to individual or institutional investors. However, issuing bonds to overseas investors is strictly controlled by the state. Now only the government and specially designated financial institutions (such as the China International Trust and Investment Corporation) can issue such bonds; ordinary enterprises hardly have any opportunity to do so. However, infrastructure construction projects usually take a long time to complete. The time is also long for recovering the investment. Some of them are built for their social benefits rather than commercial benefits. Generally speaking, such projects are not suitable for issuing shares overseas. For those projects, a more feasible method to acquire capital from abroad is to issue bonds. The latter has the following advantages: First, investors are diversified. They may include insurance companies, retirement funds, mutual-assistance funds, banks, and individuals. Second, the fund-borrowing setup is flexible. The interest rates on the bonds may be fixed or floating or a combination of fixed and floating rates. There may be interest-bearing bonds, discount bonds, or bonds that are a combination of the two. Third, the project's circulating cash income may be used as the bond mortgage. This will further elevate the project's credibility on the market and, accordingly, reduce government risk in providing direct credit guarantees for projects. Fourth, a large amount of bonds sold through brokers means the existence of a large broker-backed secondary market. With such a market, bonds will have a high marketability and will be backed by ample funds. After a period of time, additional bonds may be issued at prices in

line with market quotations, thereby raising more funds. Fifth, the increase in investors will lead to a corresponding decline in fund-raising costs and an enhancement of the credibility of bonds. Accordingly, opportunities will increase for acquiring funds at low cost.

3) Financing by issuing convertible bonds. These are bonds combining shares and long-term borrowing. Holders of such bonds can trade the bonds for a predetermined number of shares within a specified time.

In addition to the above three methods, companies wishing to get financing from abroad may choose and make flexible use of other channels to meet their needs according to their specific conditions and in line with the climate of the international financial market.

### Foreign Trade & Investment

#### Firm Takes Over Hong Kong-Funded Fodder Factory

*OW0106071295 Beijing XINHUA in English  
0650 GMT 1 Jun 95*

[FBIS Transcribed Text] Ningbo, June 1 (XINHUA) — A local trading company in the Ningbo Free Trade Zone has taken over a fodder factory, funded by a Hong Kong investor in this port city in east China.

The International Trade Company Ltd. purchased the Hong Kong business for seven million yuan (820,000 U.S. dollars) in May, and got the money-loser out of its predicament. The feed factory had been built at a cost of 8.5 million yuan (one million U.S. dollars).

Last month alone, the fodder company's profits were twice as much as the total in the first quarter. After acquisition, production costs have gone down and sales outlets extended.

The trading company was founded in 1993, involving an investment of 18 million yuan (2.1 million U.S. dollars).

#### \*Trade Official Urges Trade With West Asia, Africa *95CE0368A Beijing GUOJI MAOYI [INTERTRADE] in Chinese 6 Mar 95 No 3, pp 16-17*

[Article by He Xinhao (0149 2450 3185), former director of the West Africa and Asia Departments and current director of the Europe Department of MOFTEC: "Make a Major Effort To Develop Economic and Trade Relations with West Asian and African Countries"]

[FBIS Translated Text] When discussing the world economy and development of foreign trade, people generally think about developed western European and North American countries and the rapidly developing

countries of southeast Asia. Rarely do they pay sufficient attention to West Asian and African countries, or they may virtually forget them. Actually, the inherent strengths of and the recent changes that have taken place in these regions clearly show they will become a market possessing fairly great potential. Development of trade and economic relations with West Asia and Africa is necessary to the maintenance and development of China's traditionally friendly relations with each of the countries in the region, but also for both parties to derive equal and mutual benefit. Naturally, development of bilateral trade and economic cooperation to develop this potential market will require much daunting and painstaking work.

### I. Tremendous Potential

West Asia and Africa includes more than 70 countries. This is a vast area covering 35 million square km. It has plentiful resources for economic development. West Asia's proven petroleum reserves amount to 50 percent of the world total, and 15 percent of world gas reserves. Today, Arab countries produce 25 percent of the world petroleum output, making this the largest petroleum exporting region in the world. The Arab countries also produce large quantities of phosphate, potash, and copper ore. African countries output and richness of gold, diamonds, iron ore, copper, manganese, cobalt, and bauxite hold an important place in the world. African timber, coffee, cacao, and cotton are also world famous. The western Asia and Africa region is almost entirely surrounded by the sea. It has a long coastline and countless inshore islets, and it has rich fishing industry and tourism resources. Only some of these resources have been developed. Economic development requires resources. No highly industrialized nation, particularly resource-poor industrialized nations, can disregard the countries in this region.

The countries of West Asia and Africa have a population of 1 billion. Not only are they an enormous consumer market, but a huge manpower resources market as well. For historical and social reasons, the educational level in this region is not sufficiently developed, nor has the region found the best combination of natural resources and manpower resources. Many countries are relatively poor. Nevertheless, practice has shown that once the people of these countries take fate into their own hands, are no longer plagued by disturbances and clashes, and find their own road of economic development, they also achieve high speed economic development. Botswana is a good example. When this country declared independence in 1966, it was one of the world's poorest. At that time, GNP was only \$35 per capita. The Botswanan government's effective

administration of the country following independence enabled rapid development of the economy. During the 25 years between 1966 and 1991, GDP increased an average 13 percent annually, and in the early 1990s, per capita GDP reached \$2,500. Such sustained high speed growth is a rarity in the world. Another example is West Asia. Everyone who goes to the Middle East is left with a deep impression of the urban construction and the material well-being of the residents of the Gulf countries. Without doubt, some day the West Asia region will write its own page featuring world-arresting vistas in the history of world economic development. All entrepreneurs who take a long-range strategic view and people possessing a breadth of vision should pay close attention to the development of economic and trade relations with this region.

### II. New Dawn

During the past year, a series of events of historical significance have occurred in West Asia and Africa that have profoundly changed the situation in this region. These changes favor the development of cooperative trade and economic relations with this region.

These changes are as follows: 1) in April 1994, South Africa held a general election in which the African National Congress headed by Nelson Mandela won a huge victory and formed a government of national unity, thereby putting an end to more than 300 years [as published] of white rule in South Africa. This event not only greatly changed the social situation in South Africa and eased both social and class tensions, but also greatly changed the political structure in southern Africa and had an effect on all of Africa. 2) Breakthroughs were scored for peace in the Middle East: Palestine and Israel reconciled, signing a self-rule agreement; Israel and Jordan signed a peace treaty; and Israel and Syria began peace talks. The six Gulf States cancelled their second-class blockade of Israel. 3) Tumult and clashes throughout the region declined, with this hot spot finally cooling off. During the past two years, the intensity of disturbances in quite a few turbulent countries decreased. The political situation stabilized in Tunisia, Tanzania, Uganda, Zimbabwe, and Namibia. Large-scale vendettas and armed confrontations that had flared for a time in Rwanda and Yemen eased before the end of the year. Even though the root causes of ethnic clashes in these places remain, intervention and fighting of outside forces is getting worse, and internal strife in individual countries may intensify further, for the region as a whole, peace, stability, and calming of the people's state of mind are the mainstream. Economic development and a quest for international cooperation is the common aspiration of this region.

During 1994, for a series of reasons, slow growth of the African economy dawned. The economy of Africa as a whole increased an average 3 percent, surpassing population growth for the first time in many years. Despite the decline in the oil revenues of Middle East countries, thanks to a series of reforms, the channelling back of money increased. Thanks to the rebound of the international economy in 1995, the price of oil will rise. As the Middle East situation eases, the Middle East market may take a leap. Of course, the stability of the Africa region is fragile, and numerous factors limit rebound of its economy. New turmoil may still occur in some countries. Therefore, while having greater confidence, we should continue to keep our wits about us.

### **III. Rapidly Developing Economic and Trade Relations Between China and West Asia and Africa**

During 1994, China's trade and economic cooperation with this region continued to grow at fairly high speed. Chinese Customs statistics show a direct import-export trade of \$4.9 billion between China and West Asia and Africa, up 14 percent from the same period in 1994. This includes Chinese exports of \$3.45 billion for a 19 percent increase over the same period in 1993, and imports of \$1.41 billion, up 3.8 percent. China's trade with southern Africa and the Middle East increased substantially, total imports and exports increasing by more than an average 15 percent and exports increasing by more than 30 percent. Countries with which the increase in trade was substantial include Kuwait, Israel, Syria, South Africa, and Sudan. Countries to which China's exports have declined include Benin, Cote d'Ivoire, Senegal, Nigeria, and Libya. The main reasons for the decline has been a tremendous devaluation of the money of these countries, a rise in import costs, and a fall in import purchasing power. The main countries from which Chinese imports have declined include Jordan, the United Arab Emirates, Morocco, and Tunisia. The main reason for the decline is that the preferential exchange rates for imports of traditional goods from these countries no longer exist because of China's change to a market economy and the merging of dual exchange ranges. Consequently, enterprises find the increase in import costs difficult to bear. This is a temporary, albeit unavoidable, phenomena stemming from the convergence of markets.

During 1995, other economic cooperation between China and the West Asia and Africa region has boomed. China conducted high-level talks with officials in charge of economic relations and trade in more than 40 countries in this region and signed more than 50 economic relations and trade agreements of various

kinds with them. China provided some new assistance to some of the countries in this region. Countless Chinese project technicians are engaged in helping build and contract engineering projects, and they have won the praise of local officials and the people.

### **IV. Steady Efforts For the Creation of a New Situation**

China has scored major advances in its trade and economic intercourse with the West Asia and Africa region. Since the 1980s, trade volume has doubled in the short space of four years. Nevertheless, it does not at all fulfill either the hopes or the potential of both parties. China's imports and exports to this region amount to only between 1 and 2 percent of the region's foreign trade. Therefore, both from a long-range standpoint and in view of the current need to diversify markets, we both should seize the present favorable situation to strive to develop economic relations and trade with this region.

The unfolding of trade with this region requires better work in many regards. First, we must provide goods suited to the region's needs, and we must guarantee quality. China can continue to provide this market not only the light industrial daily necessities and textiles that it needs, but must especially emphasize the supply of electromechanical products and small complete plants. Most of the countries in this region are in the process of drawing up plans for industrial development and economic prosperity. It has a large requirement for farm tools and machinery. In expanding the supply of products that sell well, we must particularly emphasize product quality and on-time delivery. Although most of these countries are developing nations, the demand for quality goods is constantly increasing, and competition is extremely intense under market economy conditions. Goods whose quality cannot be guaranteed lose all competitiveness. When supplying electromechanical products, we must enable end users to obtain needed maintenance and spare parts.

We must adapt to circumstances and improve trading methods. This region differs from the international markets of developed countries. Concluding deals on the basis of samples, small lot shipments, and cash on delivery is the way things are usually done. Therefore, the establishment in this region of needed storage and allocation trading agencies will help expand trade.

In order to meet this region's need to develop industry, some mature industrial technology and equipment, such as in the light and textile, household electrical appliance, and construction materials fields can be actively turned over to it. In some cases, investment can be made to help these countries develop and use local resources.

In order to reduce local resource difficulties, we can organically combine trade, investment assistance, and labor and technology exports, thereby greatly expanding the field and scope of bilateral economic cooperation.

China and the countries of the West Asia and Africa region have a common historical past and a special traditional relationship. This friendly political relationship provides good conditions for the expansion of economic contacts. By focusing our eyes on the future, facing reality, and doing a solid job, China can certainly advance economic and trade relations with this region to a new stage.

### Agriculture

**Jiang Chunyun Urges Enhanced Grain Production**  
*OW3105170695 Beijing XINHUA in English*  
*1559 GMT 31 May 95*

[FBIS Transcribed Text] Harbin, May 31 (XINHUA) — Vice-Premier Jiang Chunyun has urged northern provinces to make the best of their regional advantages to produce more grain and enhance agricultural development.

Jiang, also a member of the Political Bureau of the Chinese Communist Party Central Committee, made the call at an agricultural production forum here attended by senior officials from the provinces of Heilongjiang, Liaoning and Jilin, and the Inner Mongolia Autonomous Region.

Jiang said that the four northern provinces have good natural conditions for agricultural production. With farmers' increased interest in grain planting, these regions have the biggest potential for increasing grain output.

"If you achieve bumper harvests and raise grain output, not only can the regional grain supply be ensured but this will also help balance the grain supply and demand in the other parts of the country," Jiang said.

He told the provincial officials that China's grain production faces challenges posed by an increasing population, rapid economic expansion and rising living standards.

"For a very long time in the future, China will not have an oversupply of grain," Jiang stressed.

The vice-premier said that agricultural production has kept up a good development momentum so far this year, with the summer grain and oil crops expected to see bumper harvests.

He told the provinces not to overlook the threat of natural disasters, and to take prevention measures to minimize losses in case of any disasters.

In agricultural development, the northern provinces should strengthen coordination and planning, and make concerted efforts to achieve the goals one by one, he explained.

Jiang noted that achieving increases in grain and agricultural by-produce supply and farmers income are the two main goals of the government's rural work.

"The way to achieve these goals is to develop township enterprises and a diversified economy on the basis of a sustained increase in grain production," he said.

### Jiang Chunyun Inspects Flood Control Work

#### Visits Hunan

*HK0106104895 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 13 May 95*

[FBIS Translated Text] Jiang Chunyun, member of the CPC Central Committee Political Bureau and vice premier, pointed out while inspecting the anti-flood work and agricultural production in our province: Hunan is a key province striving to combat natural disasters. Doing well the work of safely tiding over floods in areas around the Dongting Hu not only concerns the safety of life and property of the 10 million people living in areas around the Dongting Hu, but it also has a bearing on the safety of the middle and lower reaches of the Chang Jiang. He wished Hunan to have a higher standard of flood control, to intensify the work, and to implement solid measures.

From 11 to 13 May, in the company of provincial leaders Yang Zhengwu, Hu Biao, and Pang Daomu, State Council Vice Premier Jiang Chunyun and his party started a long journey from Pुqi, Hubei, and inspected the confluence between the Chang Jiang and the Dongting Hu at Chenglingji in Yueyang City and the collapsed bank at Qigongling along the Chang Jiang. He also called on peasants of Liantang Village at Dinggong Township in Changsha County, inquired about the progress of the provincial Academy of Agricultural Science's research on hybrid rice, and acquainted himself with the present situation of the levees along the Longwang Port in Changsha City.

On the afternoon of 13 May, after listening to Governor Yang Zhengwu's report on the fundamental situation of Hunan's agricultural production and flood control work, Vice Premier Jiang pointed out while fully affirming our province's achievements in flood control work: Due to historical reasons, the Dongting Hu area now has a relatively high water level, but the river course is seriously silted up and is not so capable of draining off flood waters. Since the standard of flood control is low and safety measures for flood prevention are poor, the

people's lives and property will be seriously damaged once we are faced with extraordinary large floods.

To tackle existing problems in preventing floods and resisting disasters, Vice Premier Jiang set forth six requirements. First, leaders at all levels must have a concept of preventing large floods, dealing with major emergencies, and resisting major disasters. Second, leaders at all levels must give priority to the work of preventing floods and resisting disasters in areas along the Chang Jiang and the Dongting Hu and take emergency measures to mobilize cadres and the masses to prepare for combat. At the same time, we must overcome the mentalities of slackening our vigilance, leaving things to chance, lack of confidence, and inertia. Third, we must seize the opportunity to rush-repair dangerous sections and improve the standards of flood control. Fourth, leaders at all levels must try every possible means to guarantee the safety of the people in flood-storage areas. The safety of 1.57 million people in flood-storage areas in Hunan is a major issue, and various localities should conscientiously work out and implement plans on the line and method of transfer and arrangements for the people's livelihood, and ensure that essential lifesaving tools are available for everyone and every household. Fifth, various localities must take the overall situation into account and go all out to resist floods. In his last point, Vice Premier Jiang stressed that a leadership responsibility system for the work of preventing floods and resisting disasters should be implemented; leaders at the provincial, prefecture, city, and county levels must have clearly-defined division of labor; and certain people must be put in charge of all the dangerous sections.

Other central leading comrades who inspected the work of preventing floods and resisting disasters in Hunan were Liu Jimin, deputy secretary general of the State Council; Xiao Wanjun, deputy director of the Central Policy Research Center; Chen Yaobang, vice minister of the State Planning Commission; Zhou Wenzhi, vice minister of water resources; and Wan Baorui, vice minister of agriculture.

#### Inspects Hubei Facilities

*HK0106105095 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 11 May 95*

[FBIS Translated Text] Jiang Chunyun, member of the CPC Central Political Bureau and the CPC Central Secretariat and vice premier of the State Council, inspected flood-prevention work in this province between 6 and 10 May. He also presided over the first meeting of the state headquarters for fighting drought and preventing floods in Wuhan. He emphatically pointed out the need to give top priority to the work of preventing floods, re-

sisting natural disasters, and guaranteeing the people's safety.

In this province, Jiang Chunyun inspected the flood prevention facilities in Hanyang's Huangjinkou, Hankou's Longwangmiao, Xiaotao's Zhujiatai, and a number of river embankment sections, which are all spots vulnerable to floods. Leaders of the Hubei Provincial CPC Committee and the provincial government Jia Zhijie, Qian Yunlu, Yang Yongliang, and Wang Shengtie accompanied Jiang Chunyun to inspect the flood prevention work.

During the inspection, Jiang Chunyun listened to the work reports by the provincial party committee, the provincial government, Wuhan City, and Jingsha City. He praised Hubei's intensive and effective work in preventing floods. He said that a good foundation was laid for guaranteeing the safety of the river embankments and reservoirs in the coming rainy season. He also said: According to the high standards for resisting serious floods, there remain certain weak links and hidden perils. All localities must pay serious attention to them and adopt effective measures to solve the problems.

Jiang Chunyun said: People in Hubei used to say that river embankments are of crucial importance for guaranteeing the safety of the local people. Since 1954, no unusually serious floods have occurred in the upper valley of the Chang Jiang. Good preparations must be made against possible serious floods which are expected to happen this year, and we should not leave things to chance. Hubei is a province with many rivers running crisscross and many lakes everywhere, and a province most seriously threatened by the floods of the Chang Jiang. The province is always carrying out an arduous task of flood prevention. By doing a good job in flood prevention, Hubei will also make a major contribution to the safety of the entire Chang Jiang basin; however, if any trouble happens, the consequences would be unimaginable, and you will become a sinner in history.

Jiang Chunyun said: Hubei should consolidate its flood prevention facilities according to the standards against the 1954 floods or even more serious floods than those of 1954. The pressing task of the moment is to go all out to consolidate the sections with hidden perils. The job must be done well at any cost, and concrete responsibilities should be assigned to individual leaders in all relevant departments and localities. The work force in this field should be properly organized, and materials and transportation facilities for flood prevention should be guaranteed.

On 10 May, Jiang Chunyun presided over the first meeting of the State Headquarters for Preventing Floods and Fighting Drought, and made arrangements for flood

prevention throughout the country, especially in the middle and lower reaches of the Chang Jiang.

**East Region****Hefei-Jiujiang Railway Opens for Service**

*OW0106064795 Beijing XINHUA in English  
0633 GMT 1 Jun 95*

[FBIS Transcribed Text] Hefei, June 1 (XINHUA) — The Hefei-Jiujiang railway in east China, with a total length of 366 km, opened to traffic earlier this week.

The railway line was listed as a key state construction project during the Eighth Five-Year Plan (1991-1995). The main line is 280 km long, linking Hefei, capital of Anhui Province to the city of Jiujiang in Jiangxi Province.

Construction of the project involved an investment of 1.5 billion yuan, and attracted many investors, including the Ministry of Railways and the provincial and local governments along the line, when it began in April 1991. Several domestic banks and the Asian Development Bank also contributed to the funding.

According to railway officials, the line is expected to greatly alleviate the problem of a local bottleneck in transportation, especially pressure that was put on the Beijing-Guangzhou and Beijing-Shanghai lines, and to make a large contribution to the economic growth of Anhui, Hubei, and Jiangxi Provinces.

**Joint-Stock System Invigorates Anhui Company**

*OW0106105495 Beijing XINHUA in English  
1022 GMT 1 Jun 95*

[FBIS Transcribed Text] Ma'anshan, June 1 (XINHUA) — The Maanshan Iron and Steel Co. Ltd. in east China's Anhui Province has greatly improved its economic returns since it became a joint-stock company in 1993.

Hang Yongyi, chairman of the company based in the city of Maanshan, said that the introduction of the shareholding system is an effective measure to invigorate his company and other state-owned companies through the use of foreign funds.

"The introduction of that system has also enabled major state-owned enterprises to adapt to international practices," he said.

Set up in 1958, the Maanshan Company is one of the ten largest iron and steel companies in China and the leading manufacturer in Anhui Province.

The company raised 3.9 billion H.K. dollars by issuing shares in Hong Kong in 1993. It also raised 2.3 billion yuan by issuing A-shares to Chinese residents in the same year.

Altogether, funds totaling 6.4 billion yuan were raised, enabling the company to turn out four million tons of

iron and steel this year, and to raise the figure to six million tons annually around the turn of the century.

Hang said that with funds raised, a new iron furnace with a volume of 2,500 cubic meters was completed in April 1994, doubling the company's annual pig iron production to four million tons.

Construction of a mill capable of producing 600,000 tons of H-shaped steel — an extensively used building material — began in 1994.

Since 1990, the company's output value has risen at an average annual rate of 15.4 percent, its exports increased at an average annual rate of 30.7 percent, and its profits and taxes grown at an average annual rate of 24 percent.

Over the past five years, the company has turned out 14.7 billion yuan worth of goods, exported 94.7 million U.S. dollars worth of products, and generated 5.98 billion yuan in profits and taxes.

He said that his company plans to expand exports and set up joint ventures in other countries.

**Fujian Witnesses 'Steady' Economic Growth**

*OW0106023895 Beijing XINHUA in English  
0158 GMT 1 Jun 95*

[FBIS Transcribed Text] Fuzhou, June 1 (XINHUA) — China's coastal province of Fujian has registered a steady and healthy economic growth this year, thanks to the macro-control policies of the State.

In the first four months of this year the industrial output value of the province reached 44.42 billion yuan, an increase of 23.6 percent over the same period of last year, according to the provincial statistics bureau.

The composite industrial efficiency index climbed 3.4 percentage points to 103.7 for the period, about 10 percentage points higher than the national average.

The bureau said that the gross product of the province rose 14.9 percent to 35.75 billion yuan in the first quarter of this year, also higher than the national average.

The province has expanded its input into the agricultural sector. Budget expenditure on agricultural capital construction is planned to increase by 20.8 percent this year.

A bumper summer harvest is now expected as the acreage of grain crops exceeds two million ha, 2.8 percent up from a year ago, according to the bureau.

Production of rural enterprises grew rapidly during the period, up 42.7 percent, with a total output value of 69 billion yuan in the past four months.

Foreign trade has kept soaring in the meantime, with export value rising 24.6 percent to 2.59 billion yuan.

The province approved the establishment of 678 foreign-funded firms in the period, with a contracted foreign investment of 1.9 billion US dollars.

To date, 8,600 foreign-funded firms are in operation in the province, contributing over 40 percent of the province's total industrial output.

Meanwhile, the provincial statistics bureau said that price rises have been decelerating gradually, with the retail price index standing at 19.1 percent in April, 2.3 percentage points lower than that of March.

But the bureau warned that State-owned enterprises are still weak in market competition. Some 37.2 percent of the State-owned firms in the province were in the red in the first four months of this year, with a total loss of 140 million yuan.

In addition, the amount of defaulted payments of State-owned enterprises expanded by 23.3 percent to reach 3.61 billion yuan.

#### \*Jiangxi Cadres Urged To Address Reform Problems

*95CM0272A Nanchang JIANGXI RIBAO in Chinese,  
6 Apr 95 , p 1*

[Editorial by Gan Yan (1626 6056): "Establish a Good Image for Reform and Opening Up"]

[FBIS Translated Text] With Jiangxi's economic development and reform and opening up constantly intensifying, especially with the Beijing-Kowloon railroad about to be opened for traffic and the promotion of the state opening up and development along the Changjiang, more and more business people of various sorts will inevitably be coming to Jiangxi Province to conduct economic and technical exchanges and launch joint economic and other commercial and trade activities. So how good an image of reform and opening up we establish to attract even more foreign businesses and foreign investment and accelerate the economic development of Jiangxi Province is an issue that must draw a great deal of attention from party and government leaders at every level.

Establishing a good image for reform and opening up is not realized just by opening up hardware development, such as by several factories going into production, or constructing several commercial buildings and opening up several highways, but it is more importantly realized by opening up software development, including such things as popular market economy concepts and the investment policy environment. We should say that

the measures taken and the success achieved in Jiangxi Province's promotion of reform and opening up and establishment of a good image for reform and opening have commanded people's attention. Since 1985, following Guangdong and Fujian, we have been quick to take the initiative in developing the commodity economy throughout the province, eliminating more than 170 tax offices and several unreasonable fees to permit vehicles, people, and goods from other provinces to flow into Jiangxi without obstruction. Guests from other provinces generally reflect that "Jiangxi's roads are good to travel." At the same time, this being good to travel indicates that the "sparerib roads" and "bedspring roads" of the past are seldom seen. In their place are more and more asphalt and cement roads of better and better construction. On the other hand, it indicates that Jiangxi's tax offices have been greatly reduced and there are fewer arbitrary fees. Certainly various localities, because of a lack of strict administration, a low level of law enforcement, or being driven by the "profit" ideology, still have indiscriminately set up tax offices and arbitrary fees. This is not permitted by Jiangxi's reform and opening up. After the Lu Shan District party committee and government discovered this, they were able to quickly and thoroughly report it to Governor Wu and seriously and conscientiously deal with it, reflecting a genuine and decisive style of putting an end to injustice. Their attitude was highly responsible and the measures they took were capable and achieved rather good results. Just as the letter of thanks written to Governor Wu Guanzheng by Chi Prefecture regional agricultural businesses said: "We have gotten a lofty impression of every level of Jiangxi's party and government from the activities in your province, seeing the excellent, earnest, and conscientious work style of leaders at every level in Jiangxi Province, seeing the hope for basic improvement in the practice of our party, and seeing the good prospects for harmonious provincial relations...." After Governor Wu Guanzheng read the letter, he also made a comment: "This shows that if we only conscientiously reform, our work can be done well. Lu Shan's district party committee did well."

To establish a good impression for reform and opening up it is necessary to pay special attention to leadership. Leaders at every level should know from the outset how things will develop and nip problems in the bud. At the same time, leading cadres at every level must constantly improve the quality of their own thinking and the level of their policy and law enforcement under the new circumstances. Only then can they constantly expand their influence among provinces and regions and promote economic development.

**Shandong's Rural Service Industry Growing**

*OW3005074695 Beijing XINHUA in English  
0633 GMT 30 May 95*

[FBIS Transcribed Text] Jinan, May 30 (XINHUA) — The service industry in rural areas of east China's Shandong Province has grown rapidly since the 1990s, according to local government officials.

The province generated an output value of 58.2 billion yuan from its rural service industry last year, registering a record 36.7 percent rise over 1993.

The wholesale and retail trade expanded by 79.5 percent in 1994, officials said, adding that the service industry is especially booming near the cities of Weifang, Qingdao, Yantai, and Weihai.

Authorities attribute the boom to government support and the effort to improve basic facilities. A lot of funding has been put into super-highways and telecommunication cables in recent years, which have made transport and information exchange easier.

In addition, a total of 366,000 rural laborers have been shifted from primary and secondary industries to the service sector, officials said.

**Central Committee Approves Shandong Appointments**

*SK0106071195 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 31 May 95*

[FBIS Translated Text] The CPC Central Committee recently approved the appointment of Sun Shuyi [1327 3219 5030] as the secretary of Jinan City CPC Committee and confirmed Li Qiwan, chairman of the Jinan City People's Congress Standing Committee; Xie Yutang, mayor of Jinan; and Liu Yaohua, chairman of the Jinan City Chinese People's Political Consultative Conference Committee; as cadres at the vice-governor level.

The Shandong Provincial CPC Committee recently decided to appoint Xie Yutang as deputy secretary of the Jinan City CPC Committee.

**Official Views Plans for Shandong's Yantai Zone**

*OW0106075495 Beijing XINHUA in English  
0725 GMT 1 Jun 95*

[FBIS Transcribed Text] Jinan, June 1 (XINHUA) — The Yantai Economic and Technological Development Zone in Shandong Province has, after the 10 years of efforts, turned a stretch of undeveloped land into an industrial park.

At present, the 16-square-kilometer zone is crisscrossed with roads and streets, along which stand rows of

buildings and workshops, which have been supplied with running water and power.

An official says that the zone has approved the establishment of 1,295 projects funded by business people from other parts of the country and abroad. The projects include 42 high-tech ones and involve a sum of 2.15 billion U.S. dollars in investments.

Thus far, 320 have begun production, 179 being foreign-funded ones covering the fields of electronics, machinery, food processing and textiles.

Last year saw industrial output value amounting to 2.5 billion yuan, and imports and exports of 227 million U.S. dollars worth of goods.

According to the official, the zone plans to expand its area to 36 square kilometers by the end of the century and will focus on machinery, automobiles, electronics, food processing, chemicals and textiles.

**Shanghai 'To Become' National Wholesale Center**

*OW2905133695 Beijing XINHUA in English  
1317 GMT 29 May 95*

[FBIS Transcribed Text] Shanghai, May 29 (XINHUA) — This, China's biggest city is set to become the country's wholesale center, as this form of circulation is taking the center stage in the country's commodities market.

According to official statistics, the wholesale volume in the city jumped from 50 billion yuan-worth in 1992 to 80 billion yuan-worth in 1994, posting an average annual growth of 26.5 percent.

Over recent years, Shanghai has given high priority to the development of wholesale markets, among other investment projects. In 1994 alone, four wholesale markets emerged with a total of 200,000 sq m of space for the sale of industrial products.

So far, the city boasts over 200 wholesale markets, over 150 of which are involved in transactions of farm produce; the rest are for commodity sales.

To accelerate circulation and reduce costs, the city plans to build 10 large wholesale dispatch centers to service the needs of chain-stores, supermarkets, and grain and food stores. These centers are designed to dispatch commodities to places outside Shanghai.

The move is seen as part of the municipal government's efforts to promote Shanghai-made goods and increase its market share.

As China's biggest industrial city, Shanghai-made industrial products had taken 17 percent of the domestic

market share before 1980s. The rate has kept shrinking over past ten years, and fell to a record low of six percent in 1994.

With the establishment of the wholesale dispatch centers, the economic planners in Shanghai have vowed to lift the rate to 10 percent in next two years.

According to the city blueprint, the wholesale volume will rise by 23 percent annually to reach 150 billion yuan-worth by 1997.

#### **Shanghai Leads Nation in Department Store Sales**

*OW3005081295 Beijing XINHUA in English  
0749 GMT 30 May 95*

[FBIS Transcribed Text] Shanghai, May 30 (XINHUA) — Shanghai has 100 department stores with an annual retail sales exceeding 100 million yuan each, more than any other city in China, according to the Municipal Financial and Trade Office.

An official of the office said that the department stores account for just 0.1 percent of the number of retail stores and shops in Shanghai, the leading manufacturing and commercial city in China.

But their retail sales came to nearly 20 billion yuan in 1994, roughly a quarter of the city's total, the official said.

Three years ago Shanghai had just 10 department stores with an annual sales topping 100 million yuan each, he said, adding that most big department stores have been built or set up through merge since 1992.

The city has spent several billion yuan building department stores with advanced equipment, he said.

As a result, the floor space of stores and shops in the city rose to eight million square meters at the end of 1994, double the amount in 1991.

The reform of the city's commercial system has given birth to a number of major retailers, the official said.

To date, 21 commercial joint-stock and 41 commercial enterprise groups have been set up through restructuring and the reform of the managerial system, and in the form of joint ventures, he said, adding that most of them have annual sales exceeding 100 million yuan.

Less than half of the department stores with an annual sales topping 100 million yuan lie in Nanjing, Huaihai and Sichuan roads in the downtown area.

The official said that other such stores are located in newly-built commercial center, the Pudong Area and residential quarters, making it easier for local residents to go shopping.

Statistics from the Municipal Government show that the Shanghai market is brisk, with retail sales increasing by 28 percent in April from the same month of last year.

In the first quarter of the year, sales of the Shanghai No. 1 Department Store and the Yuyuan Commercial City reached 446 million yuan and 435 million yuan, respectively, ranking first and second among all department stores in China.

The official said that Shanghai plans to set up ten commercial and trade conglomerates with an annual sales exceeding five billion yuan.

Shanghai, which plans to turn itself into an international economic, financial and trade center, has given top priority to the growth of the commercial sector.

With 105,500 stores and shops, Shanghai handled retail sales amounting to 81.4 billion yuan in 1994, double the 1991 figure.

#### **XINHUA Views Shanghai as Commercial Center**

*OW3105093695 Beijing XINHUA in English  
0837 GMT 31 May 95*

[FBIS Transcribed Text] Shanghai, May 31 (XINHUA) — Shanghai is reemerging as an international commercial center thanks to its persistent economic restructuring and business diversification.

The largest metropolis in China, Shanghai expects to raise its whole-sale volume to 150 billion yuan (17.64 billion U.S. dollars) in 1997 from the present 80 billion yuan, and the volume of retail sales to 134 billion yuan from the present 81.4 billion yuan.

Though Shanghai was once the largest commercial center in the far east, commercial development was slow over the past several decades owing to the stress placed on industrial development.

After the 1980s, the metropolis began to shift its focus from industry to service-oriented business with the aim of building itself into an international financial and commercial center.

In the past three years, Shanghai has invested 10 billion yuan (1.17 billion U.S. dollars) in the renovation of old commercial buildings and the construction of new ones.

The efforts resulted in the number of large department stores doing more than 100 million yuan in retail sales to more than 100 in 1994, compared with fewer than 10 in 1992.

At the same time, competition has grown from thousands of supermarkets, chain stores, shopping streets, and convenience shops.

Shanghai's commercial area was 8.2 million square meters in 1994, double the 1990 figure.

The metropolis has established a number of State-level markets dealing in metals, grain, edible oil, and building materials, with transactions totalling 3.5 billion yuan in 1994.

Business on the commodities futures market in Shanghai reached 1.5 trillion yuan in 1994, three times the 1993 figure.

The wholesale business was worth 80 billion yuan in 1994, as compared with 50 billion yuan in 1992.

Some 45 percent of the commodities sold in Shanghai were produced elsewhere, and businesses from other localities have set up nearly 10,000 firms in the municipality.

Many overseas commercial firms, including 10 of the world's biggest, have made inroads, while 400 overseas-funded projects involving a total investment of 1.3 billion U.S. dollars were started.

### Central-South Region

#### Guangzhou Formulates Rules on Economic Structure

*OW0106040095 Beijing XINHUA in English  
0320 GMT 1 Jun 95*

[FBIS Transcribed Text] Guangzhou, June 1 (XINHUA) — Guangzhou, a rising economic center in south China, has formulated 35 regulations to facilitate the market economic structure since 1986.

The Guangzhou City People's Congress, in this capital of Guangdong Province, having been granted legislative power by the National People's Congress in 1986, is drafting 15 new regulations, an official of the local congress said.

He said that half of the 35 regulations are for standardizing market operations, maintaining market order, and ensuring the opening to the outside world.

These include the Regulation Governing the Guangzhou Economic and Technological Development Zone, the Regulations on Land Management, the Regulation on Foreign-Funded Enterprises in Guangzhou, the Provisional Regulation on Individually-Run Industrial and Commercial Firms in Urban and Rural Areas, the Regulation on Management of Economic Contracts, and the Provisional Regulation on Price Controls.

Other major regulations include the Regulation on Social Security, the Regulations on Supervision of Labor Protection, the Regulation on Prevention of Noise Pol-

lution, the Regulation on Prevention and Treatment of Infectious Diseases, the Regulation on Sales and Setting off of Fireworks, and the Regulation on Voluntary Blood Contribution by Guangzhou Citizens.

#### Guangdong Research Center To Examine Corporations

*OW2605065795 Beijing XINHUA in English  
0635 GMT 26 May 95*

[FBIS Transcribed Text] Beijing, May 26 (XINHUA) — South China's Guangdong Province has set up a research center to study transnational corporations, according to the "INTERNATIONAL BUSINESS" [GUOJI SHANGBAO] newspaper.

The center is aimed at studying how Guangdong's enterprises can adapt to international economic development, operate smoothly and make profits so as to boost the province's economy.

It will also put forward suggestions in line with Guangdong's actual conditions to local governments for making macro-economic decision policies.

This economically-booming province began to open enterprises overseas in the early 1980s, and has more than 600 at present.

#### Guangdong To Regulate Land Market Transactions

*OW3105150795 Beijing XINHUA in English  
1435 GMT 31 May 95*

[FBIS Transcribed Text] Guangzhou, May 31 (XINHUA) — South China's Guangdong province will standardize its land market operations, Deputy Governor Ou Guangyuan revealed here today.

According to Ou, the transfer of land must be conducted by state land administration authorities above the county level; no other government department, including development zone management authorities, will have the right to transfer land.

The value of state land resources will be ensured and speculation in land is forbidden. The transfer of land will be in accordance with concerned laws and regulations, and value-added tax will be charged. Land users will have no right to deal in land.

Land administration departments at various levels will draw up overall plans for land use and submit them to the provincial government for approval. Anyone conducting business not in accord with the plans will be severely punished after the plans are implemented.

The government will also set standard land prices, to do away with any arbitrary price setting. The transfer

of rural farmland to non-agricultural uses must first get government approval.

It is learned that the provincial government is making new efforts to control the loss of arable land and has drawn up regulations for bringing idle land back into use and prohibiting unauthorized land use for non-agricultural purposes.

#### Hunan Private Sector Expands Business Scale

*OW3005052595 Beijing XINHUA in English  
0218 GMT 30 May 95*

[FBIS Transcribed Text] Changsha, May 30 (XINHUA) — The private sector of this capital of Hunan Province has been constantly expanding business scale and upgrading products thanks to changing in concept and using modern technology.

While traditionally mainly engaged in service trade such as catering, repairing, and transportation, the privately-owned businesses here have begun involving in electronic, scientific consultancy, education, property development and light industrial operations. A number of large companies and even conglomerates have emerged.

By the end of 1994, the municipality had 642 private enterprises in partnership form and 783 limited corporations, a rise of 48.3 percent and 75.8 percent respectively than the previous year.

By constantly expand scale and increasing investment, an increasing number of private businesses are able to explore new technology to develop brand-name products and products for international market, municipal officials said.

The Changsha Yuanda Air Conditioner Company, for example, scored an annual output value of over 100 million yuan (11.76 million US dollars) and successfully marketed its products abroad.

Another example is the Chuangzhi Group who relies on high-tech to develop computer softwares for international market.

#### Southwest Region

##### Tibet's Danzim on Halting Gambling, Prostitution

*OW2605115595 Lhasa XIZANG RIBAO in Chinese  
4 May 95 p 1, 3*

["Strictly Ban Gambling and Crack Down on Prostitution In Order To Purify the Social Environment — text of speech by Danzim at the regional mobilization telephone conference on banning gambling and cracking down on prostitution on 3 May 1995"]

[FBIS Translated Text] Comrades:

Today's telephone conference is being held in response to the strong demand of the people and is a regional grand mobilization meeting to strictly ban gambling and crack down on prostitution. In recent years, group gambling and prostitution activities have been on the rise in some areas, especially in some major cities and towns in our region. The purpose of this conference is to make arrangements for the work of strictly banning gambling and cracking down on prostitution throughout the region. Beginning today, we shall devote a month or so to organizing necessary forces to strictly ban gambling and resolutely crack down on prostitution throughout the region, especially in Lhasa City, the major cities and towns in the various prefectures, and along main communication lines. We hope to achieve marked results in this operation.

Prior to this, leading comrades of the relevant departments have made very good suggestions on launching this work. I agree with them completely. I would like to take this opportunity to state my opinions:

##### 1. Gambling and Prostitution Is Harmful to Society and, Therefore, Must Be Eliminated

In recent years, group gambling and prostitution — evil habits and ugly phenomena left over from the old society — have re-emerged, seriously hurting the healthy growth of young people, corrupting social values, and evoking a strong reaction from the masses. At present, gambling activities conducted by making use of such entertainments as mahjong, electronic games, poker, and billiards, with the aim of making profits, have been increasing. First, entertainment facilities have become gambling facilities. According to incomplete statistics, there are more than 30 electronic games facilities in Lhasa City, and most of them have changed from an entertainment facility into a gambling house. The forms of gambling are varied and have developed from small-scale gambling to large-scale gambling. Second, gambling with mahjong and poker have expanded from public places to government organs. At the same time, the influence of this form of gambling has extended from government organs to society and from families to various units, and some families homes have even been transformed into gambling houses. The form of gambling has developed from small-scale gambling during special festivals to group gambling during wedding and funeral occasions. Gamblers used to be jobless personnel, self-employed workers, and contractors, but now they include party cadres, retired staff members and workers, active-duty staff members and workers, some law-enforcement personnel, and leading cadres. Third, the gambling capital is becoming larger and larger. It has increased from a few cents and a few yuan to dozens

of yuan, a few hundred yuan, and even a thousand or tens of thousands of yuan. The spread of gambling activities has affected harmony in families, causing many of them to break-up, seriously corrupting social values, endangering social stability, and seriously hurting the healthy growth of young people. After incurring debt, some gamblers have committed crimes such as stealing, embezzling public funds, robbery, and murders.

According to an investigation, prostitution — this ugly phenomenon of society — has become increasingly serious in hotels, restaurants, bars, and entertainment facilities. Some prostitutes engage in business activities at bars, video houses, and karaoke parlors, working as "ladies" who accompany customers in drinking, singing, and dancing; some prostitutes openly solicit customers in dance halls, music tea houses, and busy downtown areas; and some covert prostitutes even form gangs to promote their business. Customers of prostitutes include individual businessmen and traders, contractors, state functionaries, staff members and workers. The majority of the prostitutes and customers of prostitutes who have been arrested so far are sufferers of venereal diseases. If gambling and prostitution — this ugly social phenomenon — is allowed to spread rampantly, it will corrupt and poison people's minds and induce people to commit crimes. Therefore, we must, with a high sense of responsibility to the people and to society, adopt forceful measures and launch a special campaign in order to quickly wipe out gambling and prostitution.

## **2. Checking the Spread of Gambling and Prostitution In Order To Purify the Social Environment**

The party and the state have always attached great importance to the building of a socialist spiritual civilization. Strictly banning gambling and cracking down on prostitution constitutes an important aspect of building a socialist spiritual civilization. At all times and under any circumstances, we should never develop a material civilization at the expense of weakening or even sacrificing the building of a spiritual civilization. It is meaningless to have a developed economy if our general social mood, public security, ideology, and moral integrity are a mess. We must persist in the principle of grasping two links in carrying out our tasks. This means while developing the economy, it is necessary to improve public order, the general social mood, people's ideology and moral integrity. Party and government organizations and party member leading cadres must attach importance to this special struggle.

First, ideologically, it is necessary to strengthen education according to law. We must resolutely implement the National People's Congress Standing Committee's "Decision on Strictly Banning Prostitution," the "Circular

of the Supreme People's Procuratorate, the Supreme People's Court, and the Ministry of Public Security on Strictly Banning Gambling Activities," the "Interim Provisions of the Tibet Autonomous Regional Discipline Inspection Commission on Disciplinary Punishment for Party Members Who Engage in Gambling Activities," the "Circular of the Ministry of Culture and the Ministry of Public Security on Strictly Checking and Banning Gambling Activities That Make Use of Electronic Games Machines," and other laws and regulations. All these must be publicized in a big way. It is necessary to organize the masses and tell them the harmful effects of gambling and prostitution to society and the importance of checking and banning and cracking down on gambling and prostitution. All propaganda means should be used and education conducted to teach cadres, staff members and workers, and the masses to consciously resist the corrosion of these ugly phenomena and to effectively wage a struggle to strictly ban gambling and crack down on prostitution. Party member cadres should have party spirit; staff members and workers should have wisdom; the masses of people should have a sense of responsibility to society; they should bear responsibility and do their duty.

Second, it is necessary to constantly grasp the work of banning gambling and cracking down on prostitution. Party and government organizations should make great efforts to stop the spread of pornography, gambling, drug abuse, and prostitution. They must never attract foreign investment to develop the economy by sacrificing spiritual civilization. We must never waver in this principle under any circumstances. Leading cadres at all levels must remain clear at all times. They should conscientiously do the work of banning gambling and cracking down on prostitution in their units, departments, and regions well and in a responsible manner. To deal with loopholes and weak links in work, they should establish an effective management and crime prevention mechanism. Once gambling and prostitution are discovered, in addition to dealing with the party involved according to law, the responsible persons of the unit involved should be held responsible depending on the seriousness of the situation. Various units and departments should coordinate with one another in tackling the problem of gambling and prostitution in order to create a good social environment. The regional and prefectural and city cultural market management departments shall be responsible for conducting the current struggle under the leadership of party and government organizations at all levels.

## **3. Banning Gambling and Cracking Down on Prostitution According to Law**

In launching the current campaign to strictly ban gambling and crack down on prostitution, we must act according to law, set the priorities, combine strictness with leniency, and adopt comprehensive measures to deal with this problem in order to achieve real results.

Here are the priorities in checking and banning gambling: First, gamblers or frequent gamblers who have contracted this bad habit and who have failed to transform themselves after repeated education shall be punished according to law. Second, whoever runs a gambling house for gamblers with the aim of making profits, whoever earns a living through gambling, whoever has a main source of income from gambling, and gambling abettors shall be punished in accordance with the relevant provisions of the Criminal Law. Third, whoever commits the crime of gambling and other crimes shall be punished according to the principle of punishment for all crimes committed. At the same time, all incomes from gambling shall be confiscated, and gambling debts annulled. State functionaries, especially party and government leading cadres, who participate in gambling shall be strictly dealt with according to party and government discipline. They shall be dismissed from their posts and expelled from the party according to the seriousness of their offense.

Here are the priorities in cracking down on prostitution: First, criminals who organize, introduce, induce, force, shelter, abduct, and swindle women to serve as prostitutes shall be severely punished according to law. Second, prostitute ringleaders who organize, introduce, induce, force, and shelter women to serve as prostitutes on the pretext of providing them with jobs; whoever harbors criminals; and criminals who shield and tip off customers of prostitutes shall be punished according to the provisions of the Criminal Law. At the same time, prostitutes and customers of prostitutes who are arrested shall be forced to participate in educational and productive labor programs according to law. The public security organs and relevant departments shall be responsible for this task.

In the course of checking and banning gambling activities and cracking down on prostitution according to law, public security departments and other security units should earnestly conduct investigations and studies, do a good job in propaganda and educational work and in concentrating forces to strike at gambling and prostitution, and give play to the might of policies and laws in order to encourage more criminals to surrender, frankly admit their crimes, and turn over a new leaf in exchange for lenient treatment.

In the course of checking and banning gambling activities and cracking down on prostitution according to law,

cultural market management departments and administrative departments for industry and commerce should cooperate with public security departments in conducting an inspection to put entertainment facilities in order by cracking down on illegal businesses of using games machines for gambling purposes. Electronic game machines used for gambling purposes must be banned. Entertainment electronic game parlors must be strictly prohibited from catering to minors who are not yet of age. Hotels and song and dance halls where these problems exist must be put in order. Enterprises and institutions should also mobilize and organize cadres, staff members, and workers to report gambling, prostitution, and other illegal activities in coordination with public security, procuratorial, and judicial departments.

Comrades, strictly banning gambling, cracking down on prostitution, thoroughly eliminating social vices, and purifying the social environment are the urgent aspirations of the people and constitute an important move to maintain social stability and economic development, an important way of preventing and reducing crime, a necessary means of protecting the healthy growth of young people, and an important part of the building of a socialist spiritual civilization. Party and government organizations and leading cadres at all levels must implement the guidelines of this conference, carry out the tasks decided at the conference, lay down a good foundation for launching regular campaigns in the future, and greet the 30th anniversary of the founding the autonomous region with excellent social mood.

#### Tibet's Service Industry Posts Yearly Increase

OW2905234095 Beijing XINHUA Domestic Service  
in Chinese 2123 GMT 22 May 95

[By reporter Ning Shiqun (1337 0013 5028)]

[FBIS Translated Text] Lhasa, 23 May (XINHUA) — Tertiary industry in the Tibet Autonomous Region, whose economic structure is mainly based on agriculture and animal husbandry, achieved some 1.6 billion yuan in output value last year. This represents a 12-percent increase from the previous year and approximately 40 percent of the region's total output value of goods and services.

In light of Tibet's underdeveloped infrastructure, poor rural social services, and other major problems that have hindered the development of tertiary industry, relevant departments have since 1985 focused on launching energy, transportation, communications, and other infrastructure projects and on establishing a rural social service network. This focus has helped the region open more than 22,000 km of highways to traffic, expand its long-distance and local telephone capacity by

200 percent and 300 percent respectively, and generate more than 400 million kwh of electricity. The region has changed the backward state of its infrastructure and markedly improved its ability to develop the economy and provide support services.

Over the past two years, Tibet has explored various effective means of investment and has increased investment in tertiary industry. Last year Tibet's total investment in capital construction topped 2 billion yuan, over 60 percent of which was in tertiary industry. In light of the current diversification of investment sources, Tibet has proposed the principles that funds should be raised from various sources and that whoever makes an investment should reap the benefits. This has given rise to an initial mechanism for making investment in tertiary industry through various channels and at various levels.

Commodity circulation is the leading sector in Tibet's development of its tertiary industry. Last year, the autonomous region's investment in state-owned commercial service outlets grew by some 30 percent over the preceding year; the number of various country markets exceeded 100; and more than 1 million square meters of commercial and service facilities were built. The acceleration of market construction and the improvement of market facilities have guided and promoted commodity circulation and spurred economic development. Last year retail sales in Tibet increased by 14 percent over the previous year to top 2 billion yuan, leading to brisk trading in flourishing markets and the free circulation of commodities.

According to statistics, the number of tertiary industry outlets in Tibet has increased to more than 40,000, with over 200,000 employees. From 1985 to 1994, tertiary industry recorded an average growth rate of some 10 percent, which was 2 to 3 percentage points higher than the average growth rate for the region's total output value of goods and services.

### North Region

#### **Beijing To Require Professional Training**

*OW3005074895 Beijing XINHUA in English  
0637 GMT 30 May 95*

[FBIS Transcribed Text] Beijing, May 30 (XINHUA) — Beijing will require employees of private businesses to have professional training and to get a qualification certificate before they begin operations, after January 1, 1996.

According to Beijing Daily, these include cooks, barbers, beauty shop workers, electric appliance technicians, maintenance workers, and garment designers in eight districts of the Chinese capital.

At present, Beijing has 14,000 private enterprises and 280,000 private business households.

A recent survey has shown that some of the workers lack professional training, which in turn leads to poor performance.

A regulation has recently been issued, requiring employees in such businesses to obtain professional training at one of 183 local training schools.

So far, the capital has 540 offices or institutions that evaluate the technical level of local workers.

#### **Beijing Offers Scientific, Cultural Activities**

*OW3105035395 Beijing XINHUA in English  
0327 GMT 31 May 95*

[FBIS Transcribed Text] Beijing, May 31 (XINHUA) — Scientific and cultural activities for college students have attracted thousands of students with 70 colleges here recently.

The activities are aimed at improving the scientific and cultural knowledge of college students and helping them gain further understanding of the future development of science and technology in the coming century.

For this goal, the Beijing Municipal Committee of the Communist Youth League of China, the Municipal Higher Education Bureau and Beijing Students' Federation held the Fourth Science and Culture Festival for college students in April.

The festival included over 1,000 activities. They were lectures on science knowledge, a speech contest about technology development in the 21st century, and English-language, computer science, drama, singing and dancing contests.

Streams of students have come to enjoy the Reading Festival and Festival of Book Collecting at Beijing University, the 13th Challenger's Cup Exhibition displaying scientific and technological works by students at Qinghua University.

Moreover, many students have been attracted by the Academic Festival at Beijing Normal University, Beijing University of Science and Technology, Beijing University of Science and Engineering, and the simulated stock market jointly organized by the People's University of China and the Central Institute of Finance and Banking.

#### **Beijing 'Hi-Tech Zone' Maintains Fast Growth**

*OW3105075495 Beijing XINHUA in English  
0625 GMT 31 May 95*

[FBIS Transcribed Text] Beijing, May 31 (XINHUA) — Beijing's pilot hi-tech zone has had an annual growth

rate of 40 percent over the past few years, with an output value reaching 42.14 billion yuan last year.

Statistics show that the seven-year-old zone paid a combined amount of 1.61 billion yuan in taxes last year, with its 16 companies, whose annual industrial output is above 100 million yuan each.

The China Electronics News here attributes the fast development mainly to a sharp rise in the electronics sector in the zone, which is home to some big names in the electronics industry, from Founder and Stone groups to China's largest computer producer, the Legend Group.

Legend's combined output value in 1994 surpassed five billion yuan, according to statistics.

Experts predict that the electronics sector will hold its lead position, with an increase of 25 percent and generating an output of 19 billion yuan this year.

The sector is also expected to pay a total of 600 million yuan in taxes, and hit a record export volume worth 150 million US dollars, the paper said.

The booming hi-tech zone so far has approved 780 joint ventures, involving direct foreign investment of 410 million US dollars, the paper said.

#### **Beijing Becomes Major Car Production Base**

OW3105095895 Beijing XINHUA in English  
0930 GMT 31 May 95

[FBIS Transcribed Text] Beijing, May 31 (XINHUA) — Beijing has developed into a major production base for small automobiles, having manufactured more than one million units over the years.

The China Machinery and Electronics Daily said that the city has an annual manufacturing capacity of 200,000 cars, and boasts sales of 150,000 cars every year.

In its move for further expansion, the city set up a municipal automobile industrial group this month, involving 172 enterprises across the city.

According to plan, the group will specialize in engine and component manufacturing, technical research, sales, and post-sale service.

The group will change management practices and speed up the development of Cherokee autos, a popular member of the Jeep family, and the Sino-Japanese funded Isuzu cars.

#### **Beijing To Ban Smoking in Public From Oct**

OW3105134995 Beijing XINHUA in English  
1325 GMT 31 May 95

[FBIS Transcribed Text] Beijing, May 31 (XINHUA) — Smoking will be banned in major public places

here from this October, according to the municipal government today on the occasion of World Non-Smoking Day.

The municipal government is to put the ban into law this October, making the capital the fourth metropolis to ban smoking in public places, following Shanghai, Wuhan and Shenyang.

Beijing today launched a grand publicity campaign against smoking to mark the World Non-Smoking Day.

Sixty-seven schools, hospitals, kindergartens and department stores were rewarded by the Municipal Patriotic Public Health Campaign Committee for their outstanding anti-smoking work.

Consultancy on how to quit smoking provided by hundreds of doctors in downtown Beijing was popular among passers-by.

Doctors, economists and sociologists held symposiums here on "Tobacco and the Economy", the theme of the world event this year.

China is said to be the largest tobacco producing and consuming country in the world. It has more than 350 million smokers, who consume 150 billion cigarettes every year, accounting for 30 percent of the world's total.

In 1988 a three-year study on deaths and economic losses due to smoking showed that the country loses more than it gains through developing the tobacco industry, an early report said.

#### **Beijing Commences With Economic Zone Regulations**

OW0106094895 Beijing XINHUA in English  
0934 GMT 1 Jun 95

[FBIS Transcribed Text] Beijing, June 1 (XINHUA) — The "Regulations Governing the Beijing Economic and Technological Development Zone" went into effect today, marking a new stage in the capital zone's development.

The zone was approved by the State Council as a state-level development zone last August and regulations were adopted by the 16th session of the Standing Committee of the 10th Beijing Municipal People's Congress this April.

Liang Yuewen, deputy director of the zone's administrative committee, said that implementation of the regulations will make the zone's construction and development a part of the law and improve the investment and legal environment in the zone.

The regulations encourage Chinese and foreign investors to start new, high-tech, or export-oriented businesses in the zone and ban technologically-backward operations, businesses using outmoded equipment, or economic entities that will produce serious pollution.

Located in the southeastern suburbs of Beijing, plans for the zone call for an area of 10 sq km. Construction of the first-phase of 3.26 sq km has been completed.

More than 90 domestic and international companies, including 62 joint ventures, have opened offices or plants in the development zone, involving an investment of 700 million US dollars.

A number of internationally-known companies, such as AT&T, ABB of Switzerland, and Matsushita and Mitsui of Japan, have invested in the zone.

Recently, 47 big companies affiliated with the central government's ministries and commissions have been invited to visit the zone in an effort to attract their attention and investment.

China has so far approved 32 state-level economic and technological development zones, of which, 26 have special regulatory powers.

#### **Hebei Secretary's Letter on Industrial Work**

*SK0106031095 Shijiazhuang HEBEI RIBAO  
in Chinese 3 May 95 p 1*

[Letter written by Cheng Weigao on 29 April to party committees and governments at all levels, planning, economy, trade, and industry departments, large and medium-sized state-owned industrial enterprises, collectively-owned industrial enterprises in key cities, key collectively-owned industrial enterprises at the township level, and to responsible persons of research units and higher educational institutions in charge of industrial and economic research, entitled: "Resolutely Shift the Focal Points of Economic Work to Readjusting the Structure and Increasing Economic Results"]

[FBIS Translated Text] Comrades: Since the enforcement of the "Eighth Five-Year Plan," the province's situation in economic development has clearly indicated that in order to maintain sustained, rapid, and healthy development in the economy, it is imperative to maintain harmonious development among primary, secondary, and tertiary industries. However, we should chiefly rely on the secondary industry, and particularly on industry, in shouldering the heavy burdens of development and in determining whether the province's economic growth is high or low and its economic results are good or poor. Since 1991, although the province's industry has achieved fast development, such a develop-

ment has not been ideal. The development of industrial production still prominently contradicts economic development as a whole. The province's gross domestic product in 1994 was over 200 billion yuan and showed a 15.1 percent increase over 1993 and a 3.3 percentage point increase over the country's gross domestic product. Of the province's gross domestic product, the increased scale in the added value of agriculture increased and reached 11.8 percent and showed a 7.4 percentage point increase over 1993; the added value of tertiary industry showed a 14.4 percent or a 2.9 percentage point increase over 1993; the increased scale in the added value of secondary industry decreased from 24.6 percent in 1993 to 16.8 percent in 1994 and showed a 7.8 percentage point decrease over 1993. This statistical figure has clearly indicated that a steady increase scored by the province last year over the average level of the gross domestic product of the country as a whole was made by not relying on the secondary industry but by enjoying the powerful supports given by agriculture and tertiary industry.

Hebei is in an industrialization period of economic development. In developing the economy in the province, it is of course for us to first and successfully grasp agriculture, the economic foundation. Only having agriculture show a stable increase can we ensure the sustained, rapid, and healthy development of secondary and tertiary industries. However, the key to building Hebei into a strong province in the economy lies in successfully grasping the industry and developing it satisfactorily. Only by having the industry achieve a development can we bring along harmonious development between the primary and tertiary industries as well as the overall development of the economy and society. The province's main financial resources are from the secondary industry — particularly industry. Of the total financial revenues in the province, the proportion of revenues collected from the industry totals more than 70 percent. Therefore, in view of every field, without strong or large industry we will have no strong and large practical strength in the economy and it is impossible for us to make the people wealthy and the province strong. We must make up our minds to bring about a change to the relatively passive state in industrial development.

Fundamentally speaking, the key to having industrial enterprises extricate themselves from a difficult position under the conditions of socialist market economy and bring about a change to their passive state lies in making up minds to expedite the shifting of strategy in industrial development and to shift the work emphasis of industrial enterprises truly to readjusting the structure and increasing economic results. Over the years, the central authorities have repeatedly stressed the read-

justment of structure and the improvement of economic results. The provincial party committee and the provincial people's government have also put forward a series of working targets and measures in line with the central arrangements. Although the province has done a great deal of work in the industrial structure and economic results over the past few years and brought about a certain change to them, and effects scored in this regard have not been obvious. Judging from the overall situation at present, the province's industry still has three lows (low science and technology contents, low exports volume, low optimization of structure); one small (small scale of business); and one poor (poor economic results). Such phenomena have seriously restricted the rapid development of industry. There are many reasons for these phenomena, but I would like to pinpoint the following four points:

First, units from top to bottom across the province—including the provincial party committee and the provincial people's government—lack a sense of emergency and mission. It may be said that over the past few years, units from top to bottom across the province have better shifted the center of the work undertaken by the entire party to economic construction and basically formed a situation in which they are thinking of, discussing, and grasping the economy.

After realizing the first strategic shift, however, we have failed to acquire a deep understanding and to increase efforts in facilitating the second strategic shift, namely to shift the focus of economic construction, especially the focus of industrial construction, to the adjustment of the structure and the improvement of economic efficiency. Hebei's current extensive industrial structure has by and large taken shape under the planned economy system, and is highly incompatible with the development of the socialist market economy. For a long time, Hebei's economic development has been pushed mainly through investment. The market, especially the world market, has played a weak role in promoting the economy. Such a contradiction has become increasingly more conspicuous at a time when the state is implementing a policy of proper retrenchment. A conspicuous problem is the sluggish sales of products, which leads to increased stockpiles and difficulty in withdrawing the income from sales. This fully manifests that Hebei's economic structure has come to a stage in which adjustment is a must. Although we have noted these problems and felt anxious, we have remained slow in taking resolute measures to solve them. We formulated the "outlines of economic development" three years ago, but how to accelerate the pace in optimizing the structure in Hebei's economic development under the condition

of rapid development in the market economy remains a major issue for us to further probe and clarify.

Second, when doing economic work, a considerable number of party and government leading comrades have paid more attention to the growth of total supply and total demand as well as growth rates than to quality and efficiency. When analyzing the situation, arranging work, and studying work targets, they have paid more attention to the factors for economic growth and to accelerating economic growth rates than to improving the quality of the industrial economy and to increasing the factors for optimal structure, scaled efficiency, and scientific and technological advances. The low-level duplicate construction, which is continuing, and the extensive management, which is carried out all year round, have led to increasingly weaker capacity, namely capacity for market competition, for sustained industrial development. This, in turn, is bound to restrict the growth of the total supply and total demand as well as the growth rates of the industrial economy. What then, under market economy conditions, should we chiefly depend on for economic growth? As has been proven in practice, we should depend mainly on adjusting the structure and improving the quality of industry.

Third, attention has been given to growth in investment at the expense of studying ways to improve the investment pattern. In the first four years of the Eighth Five-Year Plan period, Hebei's growth in investment was 4.5 percentage points higher than the national average, but its investment rate was 3.6 percentage points lower. This manifests that Hebei's investment is still insufficient on the whole. With regard to the investment pattern, 56.1 percent of the investment of state-owned units was made in capital construction during the first four years of the Eighth Five-Year Plan period, while the investment in technical transformation amounted to merely 35.5 percent, which was 1.3 percentage points lower than in the Seventh Five-Year Plan period. In the investment in capital construction and technical transformation, a large proportion has been made in communication, energy, raw materials, and other infrastructural facilities. In the processing industry, a considerable part of the capital construction and technical transformation funds has been used in expanding production capacity rather than in developing the finely processed high-tech products that yield high additional value, earn much foreign exchange, and generate good economic returns. By saying this, however, we never mean that we have developed too many basic industries and infrastructural facilities. What we have developed is far from being enough. What we mean is that we have developed too few high-tech projects that may yield high returns, earn

much foreign exchange, and accumulate large amounts of funds.

Fourth, the scope of opening up is not large and the quality not good enough. Actual foreign capital input into the province in the past four years was nearly four times higher than the accumulated amount before 1990, but it accounted for a mere 2.2 percent of the nation's total last year.

Of the foreign funds introduced to the province, much has been used in the construction of basic industries and infrastructure as well as for joint venture and co-operation projects based on cheap labor, and few funds were actually used in technical grafting and renovation of out-dated enterprises. In utilizing foreign capital, we have used few funds for bringing in technologies and had few out-dated enterprises conduct technical grafting and renovations. This has resulted in slow product renewal, the low technical content of products, as well as the low grade of products and the low level of exports. It is inevitable for these phenomena to affect economic growth and results. This has also indicated that the province's dynamics in opening up is weak and its speed in opening up is slow. All of these have seriously affected the readjustment of economic structure and the improvement of economic level and results.

We should no longer be irresolute in readjusting the structure and increasing economic results and must enhance our sense of emergency and crisis. During the "Ninth Five-Year Plan" period, we must make up our mind to accelerate the pace in conducting the second strategic shifting and to actively turn the economic growth style with extensive management as a mainstay into that with intensive management as a mainstay. In particular, efforts should be made to accelerate the readjustment of industrial structure and to concentrate efforts on relying on benefits resulting from optimizing the industrial structure, from standardized management, and from scientific and technological progress, to accelerate the development of industrial enterprises. We should take great action to conduct strategic shifting this year and strive to have a great starting point in this regard.

First, the province as a whole and particularly the industrial front should carry out the activities of studying and publicizing the important significance of the second strategic shifting related to readjusting the structure and increasing the economic results. We should deeply discern the important significance of readjusting the structure and increasing economic results from the angle of developing the socialist market economy and the angle of setting up a link between China's economy and the world one. We should also deeply discern

that only by upgrading benefits resulting from the optimization of structure, standardized management, and scientific and technological progress, can industrial enterprises throughout the province be in an invincible position and achieve sustained, rapid, and healthy development.

Second, we should realistically put the task to improve the economic quality and to increase the economic results on the first position of economic work. Hereafter, in measuring work achievements scored by various localities, various industries and trades, and by the leading bodies of various enterprises, we should regard as a yardstick not only the growth of economic aggregates but also economic quality, structure, and results; not only economic development results in the year, but also the future capability of economic competition and the reserve strength of development; not only the volume of new investments, but also the investment structure and the results scored in the improvement of the three fields (science and technology, structure, and scale); and not only the volume of products of fine quality and famous trade marks, but also the market occupation rate of products, the extent of exports, and economic results.

Third, the provincial authorities and various localities should try to find a solution for formulating the "Ninth Five-Year Plan" by regarding the work of readjusting and optimizing the industrial structure as an important content. Based on fully studying domestic and foreign markets and the conditions of the province and localities, we should put forward a scientific plan for readjustment. In view of the "Ninth Five-Year Plan" period or a period even longer, we should be familiar with the focal points on which the province will put its readjustment of industrial structure during the "Ninth Five-Year Plan" period. In view of large aspects, we should be familiar with the focal points of optimizing the structures of heavy and chemical industries; the direction for optimizing the structure of light and textile industries; the way to having machine-building and electronic industries that represent the modern industrial level bring about a change to the situation in which the province is suffering the small scale and low level of industrial production, the small size and scattered locations of industrial enterprises, and the shabby and weak quality of industrial products; and the focal points for accelerating development. Major industrial enterprises throughout the province should clearly define their direction and the focal points of readjustment. Under the guidance of readjusting the plan, we should accelerate the pace in optimizing the distribution of essential factors of production and closely integrate the readjustment targets with the reorganization, systematic reform, and technical renovations of enterprises.

Fourth, in line with the policy of supporting the excellent and the strong, we should make all-out efforts to boost the 100 enterprises with strong points throughout the province. These enterprises approved through appraisal by the provincial authorities are the province's industrial backbones and financial pillars. Succeeding in boosting the 100 enterprises represents a breakthrough in enforcing the strategy of establishing large companies and large enterprise groups and in successfully readjusting the organizational structure of enterprises and also represents a systematic project of enforcing the policy of "three improvements and one acceleration." The provincial party committee and the provincial people's government should inspect one by one the leading bodies of enterprises as they did for encouraging counties to become better-off, hear the work briefings given by enterprises, study the plan for reform and development, and help enterprises deal with the relevant problems cropping up in reform and development.

Fifth, we should continue to conduct activities on learning from the Haomen Company, grasping potential items, creating brand-name products, and vying to be the best units, create "six groups" of industrial products, and accelerate the cultivation of a batch of brand-name products and enterprises. In work priorities for 1994, the provincial party committee clearly proposed that efforts be made to grasp "six groups" of products, namely: digesting and absorbing a group of imported products and creating new products, manufacturing and developing a group of high and new-tech products, grasping a group of pillar industries and competitive products, developing a group of foreign exchange-earning products as well as foreign exchange-saving products, putting a group of products turned out by newly developed industries into production, and eliminating a group of declining products. The work objective and dynamics in developing these "six groups" of products must be strengthened and not weakened. All cities, prefectures, and departments should simultaneously learn from the Haomen Company and grasp these "six groups" of products. All prefectures and departments should include this work to their plans, make their own lists, assign the responsibilities to the individuals, and implement this work well. The provincial-level industrial departments should conscientiously grasp these "six groups" of products and regard this as one of the important signs for appraising the success or failure of industrial responsible departments in changing their functions.

Sixth, we should guarantee investment in fixed assets. Beginning from 1995, we should keep the increase in investment higher than the national average and make the investment rate reach the national average level. We should enhance the proportion of investment in

structural readjustment regardless of capital construction or technological transformation. Whether we can raise the quantity and quality of input or not depends on state support and the crux is to make breakthroughs in two issues: First, we should invigorate the use of reserve funds; second, we should explore how to increase the ability of enterprises and local governments to raise their own construction funds allowed by the state banking policies.

Seventh, we should strengthen "reform, reorganization, transformation and management" and optimize the structure of the funds in reserve. Experience shows that paying close attention to reorganization, restructuring, and transformation and strengthening enterprise management is the most effective way for invigorating enterprises and accumulating funds. At present, we should pay special attention to strengthening enterprise management. The experience of Handan Iron and Steel Company of "setting up simulated markets and rejecting the allocation of cost for some projects," is actually a very successful reform achievement. The overall quality of our province's existing enterprises is fairly low. From careful study, we can see that there are problems in technological installations and product mix, but the problem of low management is the most prominent one. Among enterprises of the same trades or categories, some have steadily enhanced their efficiency and some have suffered deficits for several years running. The management mechanism of enterprise, strong or low, constitute one of the important factors for this. Therefore, we should conscientiously popularize the experience of Handan Iron and Steel Company, strengthen enterprise management with the reform spirit, and use the management achievements to promote and deepen enterprise reforms.

Eighth, we should further strengthen all-directional opening up at home and abroad with "areas around Bohai and around Beijing and Tianjin" as the priorities. In the future, in expanding opening up at home and abroad, we should pay more attention to objectives and plans, closely combine the implementation of the strategy of using export-oriented economy to uplift the whole economy with the readjustment and optimization of the province's economic structure, and achieve greater efficiency. We should strive to use two to three years to completely transform the province's existing state-owned enterprises with favorable conditions with advanced technology and funds introduced from foreign countries; and transform a considerable number of township enterprises. We should resolutely adjust those enterprise responsible persons who should carry out joint venture projects or cooperation and conducting transformation but fail to do so.

The aforementioned views are aimed at helping our province's industry extricate itself from the difficult position and also involve some major measures. I hope that all people will conscientiously conduct discussions, use their brains, conscientious ponder, enrich and study this issue, and let the provincial party committee and the provincial government finalize the formal policy decision.

#### **Hebei Governor Views Shift of Economic Strategy**

*SK3005063895 Shijiazhuang HEBEI RIBAO  
in Chinese 5 May 95 p 1*

[By correspondent Si Lanmei (0674 5695 2734) and reporter Han Xianjun (7281 3807 6511): "Governor Ye Liansong Speaks at Provincial-Level Industrial Department and Bureau Directors"]

[FBIS Translated Text] On the morning of 4 May, the provincial government held a forum of provincial-level industrial department and bureau directors to well implement the guidelines of the letter concerning shifting the focus of the economic work written by Cheng Weigao, secretary of the provincial party committee. Governor Ye Liansong stressed that from now on, we must be determined to comprehensively promote the shift of the industrial development strategy and to realistically shift the focus of the economic work onto readjusting structures and increasing efficiency.

Ye Liansong said: The shift in the focus of economic work to readjusting structures and increasing efficiency has been stressed for several years. Cheng Weigao, secretary of the provincial party committee, especially wrote a letter prominently stressing this issue again with a view to mobilizing all fronts to pay high attention to this, to make discussions, to think conscientiously, to enhance the sense of urgency and the sense of mission for accelerating the readjustment of structures and increasing efficiency, and to promote the quicker shifting of the focus of the province's economic work onto the second-step strategy. Viewing the provincial economic operation situation, we know that although we maintained a proper growth rate over the past years, problems due to low economic operation quality are still extremely prominent so that the problems restricting the development of the economy for a long period of time, such as shortage of capital, blockade for sales of products, low economic results, and serious losses suffered by some enterprises, have not been solved yet. All these problems result from unreasonable product mix, industrial structure, and enterprise organizational structure; enterprises' low technological and management levels; small production and management scales; and low economic results; and are major contradictions in our province's economic development. In regard to

future development, we are required to greatly increase the total supply and demand in the economy, to greatly expand the scale of the economy, and to greatly upgrade the economic quality and economic efficiency in order to build Hebei into an economically powerful province and welcome a new challenge.

Ye Liansong pointed out: First of all, we should seek unity of thinking and be sure to ideologically shift the focus of the economic work onto the orbit of relying on scientific and technological progress and upgrading the quality of laborers. Leaders of the governments at various levels and the departments in charge of the economic work across the province should firmly foster the awareness of readjusting the economic structure and improving the quality of economic operation and the economic efficiency; realistically overcome the tendencies of stressing speed, but ignoring efficiency and of stressing input, but ignoring science and technology; and positively promote a switch in economic growth factors from extensive management to intensive management, from production management to property management, and from an economy that emphasizes speed to one that emphasizes economy.

Second, in readjusting structures, we should straighten out ideas, stress main points, concentrate energy to grasp a group of key trades with high supporting power, a group of large projects with motive force, and a number of products with powerful competitiveness, and promote the optimization of the entire industry's structure. In line with these main points, we should readjust the capital input orientation and concentrate and use limited capital well. Third, we should set our eyes on relying on science and technology to expand production and the dynamics of technological transformation. Accelerating the pace of technological transformation and comprehensively promoting enterprises' technological progress is an effective way for readjusting structures and increasing efficiency. From now on, the proportion of the investment in technological transformation in the total investment in fixed assets should increase step by step. Technological transformation should persistently be linked primarily with structural readjustment to accelerate the optimization of the industrial structure; secondarily with system reform and reorganization to upgrade the overall quality of enterprises, to enhance enterprises' vitality, and to develop management on a proper scale; and thirdly with use of foreign capital to widen the channels for technological transformation and flow of capital, to upgrade the technological contents of projects, and to strive to turn the focus of the province's industry from speed to efficiency, from import-oriented economy to export-oriented economy, and from material input to technological progress. Fourth, we should ex-

ert efforts to intensify enterprise management and seek efficiency from management. The key to strengthening management is to grasp the construction of entrepreneur contingent and to strengthen enterprises' capital management. Fifth, enterprises are the mainstay for readjusting structures and increasing efficiency. By deepening reform, we should gradually explore a guaranteeing mechanism for promoting the readjustment of structures and the improvement of efficiency and form an atmosphere in which enterprises cannot make development in case they do not readjust structures or increase efficiency. We should relatively work out policy measures to mobilize all fronts' enthusiasm for readjusting structures and increasing efficiency. Sixth, we should define targets and tasks for structural readjustment, work out measures for implementation of these targets and tasks, and bring them into line with the Ninth Five-Year Plan.

Chen Liyou, executive vice governor of the provincial government; and Song Shuhua, adviser to the provincial government, also attended the forum and also made opinions on accelerating the shift onto the second-step strategy. They said: To suit the demands of the domestic and international markets, we should further enhance the sense of urgency, the sense of mission, and the sense of responsibility for accelerating the readjustment of structures; persistently pay attention to both capital input and science and technology, both speed and efficiency, and both existing capital and capital increase; realistically achieve structural readjustment; and accelerate the pace of building Hebei into an economically powerful province.

#### **Inner Mongolia Promotes Education**

*OW3005075195 Beijing XINHUA in English  
0644 GMT 30 May 95*

[FBIS Transcribed Text] Huhhot, May 30 (XINHUA) — More than 98 percent of the ethnic minority children in pastoral areas of north China's Inner Mongolia Autonomous Region now have access to education.

Inner Mongolia has given priority to the development of education in line with national standards in recent years, allocating four million yuan (about 476,000 U.S. dollars) annually for education over the past 10 years.

More than 90 percent of the banners or counties in the autonomous region now have audio-visual education programs for children in pastoral areas. In addition, boarding schools have been developed all over the region.

Hulun Buir League has set up a network to train teachers of ethnic minorities, and more than 75 percent of the primary and middle schools in the League are using minority languages in teaching.

#### **Salt Industry Thrives in Inner Mongolia**

*OW3005075895 Beijing XINHUA in English  
0659 GMT 30 May 95*

[FBIS Transcribed Text] Hohhot, May 30 (XINHUA) — Four large salt collecting boats are floating on Jartai Salt Lake, which is home to the country's largest mechanized salt-works in Inner Mongolia.

Twelve salt carriers are shuttling back and forth to transfer mounds of raw salt to the bank, while a train packed with processed salt roars eastward.

The once sleepy lake has awakened to become the support of a thriving salt industry, a pillar sector of Jartai Town. Many Mongolian herdsmen have become the first group of workers in the salt-works.

The mechanized salt-works, covering an area of 120 sq km, lie in the heartland of the Ulan Buh Desert in the westernmost part of the ethnic region. It is at the top of the list of ten largest salt producers in the country, with an annual output of 850,000 tons of raw salt.

Refining technology has helped local factories to extract natural carotene from salt, which can bring in one million yuan (about 118,000 US dollars) of income a year.

A project to get 2,000 tons of sodium metal from refined salt a year, is on the drawing board. It is expected to be put into operation in October this year.

#### **Shanxi's Taiyuan Becomes Special Steel Base**

*OW2905134495 Beijing XINHUA in English  
1332 GMT 29 May 95*

[FBIS Transcribed Text] Taiyuan, May 29 (XINHUA) — The Taiyuan Iron and Steel Company (Taigang), one of the ten steel giants in China, has become the country's largest production base for special steel products.

Stainless steel is one of the types of special steel produced by Taigang, which is situated in this capital of north China's Shanxi Province. The company turned out 100,000 tons of stainless steel last year, ranking first in China. The output accounts for one third of the country's total.

The company boasts another first by producing one third of the nation's total amount of steel used for molds, and is the only factory in China that can produce pure electromagnetic iron on a mass scale, accounting for a whopping 90 percent of the domestic market.

In the 1950s Taigang smelted the first stainless steel in China, and rolled out the first piece of silicon steel. From that time on, the conglomerate has had products

coming out one after another, including silicon steel, bullet steel, and steel for the aviation and automotive industries.

These special steel products are now widely used in the manufacturing, agricultural, defense, scientific research, oceanic exploration, outer space, and other high-tech fields.

After 60 years of development the steel giant can now produce 2.3 million tons of steel, with 5,300 types of products.

Technological progress has helped the growth of the large state-owned enterprise. Over the past 15 years Taigang has added a dozen production lines, and introduced advanced technology and equipment from abroad.

By relying on technological innovation, the company intends to triple its output of stainless steel to produce 300,000 tons this year.

### Northeast Region

#### **Heilongjiang Official Views Prison Management**

*SK2805033195 Harbin HEILONGJIANG RIBAO  
in Chinese 10 May 95 p 3*

[Article by reporter Wang Xuemei (3769 1331 2734): "At the Heilongjiang Provincial Prison Work Conference, Yang Zhihai, Vice Governor of the Provincial Government, Stresses Need To Conscientiously Implement the 'Prison Law'"]

[FBIS Translated Text] The provincial prison work conference concluded on 9 May. At the conference, Yang Zhihai, vice governor of the provincial government, stressed the need to strengthen the management of prisons, to comprehensively and conscientiously implement the "prison law," and to create a stable social environment for promoting and ensuring the province's economic development.

It is reported that through continuous construction of prisons, our province has coordinately improved the conditions for management of prisons and gradually embarked on the orbit of legalizing and standardizing the reform-through-education work.

Yang Zhihai said at the conference: Prisons undertake a heavier task for safeguarding social stability. The party committees and governments at various levels should fully understand the peculiar importance of prisons in the new situation and put the work governing prisons in an important position. Prison cadres and policemen should enhance the sense of responsibility and the sense of urgency for achieving their work and reduce the prison breach rate and the in-prison case occurrence rate to the minimum.

He also stressed: At present, we should positively and comprehensively implement the "prison law" and the new financial and investment guarantee mechanisms for prisons and create a good environment for reforming and developing the prison work. To develop the prison-based economy, we should positively carry out the system of "unified leadership and dual management." Both the judicial and administrative organs at various levels and prisons should put the setup of modernized and civilized prisons in an important position, take it as a fighting goal both at present and in the future, and also regard it as a real step for implementing the overall strategic arrangement of the provincial party committee and for safeguarding social stability. At the same time, we should intensify the construction of prison leading bodies and prison cadre contingents, ceaselessly improve the law enforcement levels, and ensure the fulfillment of all tasks.

#### **Heilongjiang Secretary Meets Industry Delegates**

*SK2605053095 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 25 May 95*

[FBIS Translated Text] Yue Qifeng, secretary of the provincial party committee, cordially received Yu Zhen, chairman of Chinese General Association of Light Industry, and his entourage in the Huayuancun Guest House on the morning of 25 May.

During the reception, Yue Qifeng bid a welcome to Yu Zhen for revisiting his native place and informed him of the province's current situation of development. Yue Qifeng stated: As compared with the country as a whole, Heilongjiang is still relatively backward in economic development. However, the province's natural resources are rich and its people are industrious. All of these have formed the tremendous potential of production. Hereafter, we must seize the opportunity and accelerate the development of precise and fine processing of farm and sideline products and the development of light industry—including the trades of papermaking, refining sugar, and the processing of chemical industrial raw materials—so as to build the Heilongjiang into a province with a large amount of light industrial enterprises. Chairman Yu Zhen expressed appreciation for the province's existing economic policies and also expressed that the Chinese General Association of Light Industry will vigorously support the province to carry out the construction of light industry so as to have the province become a production and export base of new industries at an early date.

Attending the reception were Wang Jiangong, deputy secretary of the provincial party committee and Ma Guoliang, vice governor of Heilongjiang.

**Heilongjiang's Technology Zone Develops Quickly**  
*OW3105043195 Beijing XINHUA in English*  
*0007 GMT 31 May 95*

[FBIS Transcribed Text] Harbin, May 31 (XINHUA) — Daqing, a city known for its high oil output in northeast China's Heilongjiang Province, has been fast expanding its high-technology development zone in the past few years.

So far, the number of enterprises registered in the zone has reached 325, with the total investment hitting more than three billion yuan.

Among these enterprises, 103 are foreign-funded ones, and the other 219 enterprises conduct high-technology business.

More than 200 enterprises in the zone have been put into production, and so far have realized nearly 1.5 billion yuan in total earnings.

At present, overseas investment in the zone is about two billion yuan, the contracted foreign capital reaching more than 78 million U.S. dollars.

Foreign investors in the zone come from more than 20 countries and regions, such as the United States, Japan, the Republic of Korea and Hong Kong.

It is learned that the zone is planned to cover 12 square kilometers, and construction will be completed by the end of this century.

Currently the zone covers an area of 2.5 sq km. Facilities for production, management and other services in the zone have been basically provided.

It is estimated that by the year 2000, the zone will turn over a total output value of 10 billion yuan, which will make up two-thirds of the total for the whole city.

China's biggest oil producer, Daqing's output is 56 million tons of crude oil annually, which is 40 percent of the country's total.

**Jilin's He Views Party Building, Prosperity**  
*SK0106010995 Changchun JILIN RIBAO in Chinese*  
*12 May 95 p 1*

[Article by reporter Guo Yuxue (6753 3768 1331): "Use Party Building To Promote the Attainment of Moderate Prosperity and View Party Building From the Perspective of Moderate Prosperity"]

[FBIS Translated Text] On 10 May, He Zhukang, secretary of the provincial party committee, travelled to Wulantuga Town in Qian Gorlos Mongol Autonomous County to hold a forum with party-member peasants on how to strengthen the building of rural grass-roots

party organizations and accelerate the pace of attaining the level of moderate prosperity at Dafangsen Village and Gaojia Village which were the connection points for carrying out party building work. He pointed out: It is necessary to simultaneously build the party's grass-roots organizations in the rural areas and attain the level of moderate prosperity and further enhance the level of rural work.

In the morning, Comrade He Zhukang first travelled to Dafangsen Village. This village was hit by exceptionally serious floods and waterlogging last year. Owing to its unitary industrial structure and its lack of collective economic items, this village encountered quite some difficulty economically. However, party organizations here were quite perfect and the mental state of the party members and the masses was good. They wanted to change the poverty-stricken and backward outlook, but they lacked ways and methods. On hearing that the secretary of the provincial party committee intended to hold a forum with them, more than 10 party members of the party branch rushed to attend the forum and gave speeches actively. The 83-year old Wang Jinsheng who joined the party in 1949, said: The party has called on us to shake off poverty, become wealthy, and march towards the level of moderate prosperity. This policy is good. I think, first of all, we should do a good job in building party branches and make party members serve as examples for the masses and then invigorate the collective economy. Party branch secretary Wang Yoyzhi said: Our village has lots of saline-alkaline lands. It is not realistic to mainly rely on the planting industry while marching towards the level of moderate prosperity. We must also develop diversified undertakings. The exceptionally serious floods of last year turned one household harvest into nothing. But this household earned more than 500 yuan by raising geese. This is a very good example. Therefore, the task of party branches is to lead the masses to vigorously develop diversified undertakings, develop the collective economy, and become rich or attain the level of moderate prosperity. Hu Qin, a female party member and her husband, and Zhao Fu, member of the village party branch, also participated in the forum and held discussion face to face with the leader of the provincial party committee on how to become prosperous. Hu Qin briefed the leader on her family's situation in raising chicken and geese. Zhao Fu thought more deeply. He said: As a party member, I paid attention to displaying my role in the past. For example, during last year's disaster, I lent money to those who could not afford to buy seeds and chemical fertilizers, but this only temporarily solved difficulties. To fundamentally resolve the problem of poverty, we need party members to care more for the collectives, to take

the lead in running village enterprises and to develop and expand the collective economy.

Some party members and activists also introduced their own ideas and methods of developing the diversified economy and expressed their determination and confidence in leading the masses to march towards the path of common prosperity. The party branch secretary and the village head also made special reports on the organizational life of the party branch and on the comprehensive management of public security.

Comrade He Zhukang was very pleased on hearing their speeches. He said: Both the building of grass-roots party organizations with rural party branches as the core and the attainment of moderate prosperity are major affairs. We must plan well, carry out the two affairs simultaneously, further enhance the rural work level, use the building of party branches to bring along the attainment of moderate prosperity and use the latter to test the achievements of building grass-roots organizations. Regarding this issue, the party branch and party members must look ahead from a higher vantage point. Each and every party member should clearly understand what he should grasp and how to do it while building the new socialist countryside.

The attainment of moderate prosperity should be based on each and every peasant household. We must make each and every peasant household aware of the objective of attaining a level of moderate prosperity and how far they are lagging behind. It is necessary to mobilize all families and households to use their brains, to think of a way, to make meticulous calculations, to find new sources, to formulate plans, to practice them, and to rapidly attain or surpass the standards of moderate prosperity. It is not enough to mainly rely on one family or one household while developing the rural economy. To develop and expand the collective economy, every village should at least have an annual collective income of more than 20,000 yuan. The government departments should also render good social service, combine the enthusiasm of peasants with the collective strength and the government responsibility, and enable the rural economy to achieve great development. It is not realistic to rely on the traditional production pattern if we want to become prosperous. We must adapt ourselves to the market, introduce advanced science and technology, carry out scale management, and exert efforts to develop the collective economy and render service to peasant households before and after production. At present, rural areas are also facing the readjustment of industrial structure. To till the land, our northern region can only do farming work for 100 days at the very most. What should we do during the over 200 days that remain? We should carry out diversified undertakings in line

with local conditions, and the most practical way is to develop poultry raising. We should make use of the lots of surplus working time of peasants, enable them to have work to do, to create wealth, and to have economic income all the year round. In so doing, localities with great difficulties like yours will surely become prosperous quickly.

During the forum, Comrade He Zhukang emphatically pointed out: The key to accelerating rural economic development and realizing the objective of attaining the level of moderate prosperity lies in strengthening the building of rural grass-roots party organizations and enhancing the fighting objective of the grass-roots party organizations. Only by successfully building the rural grass-roots leading bodies can we guarantee the attainment of moderate prosperity in the rural areas. The rural grass-roots party organizations should strengthen theoretical study, conduct education for party members, and raise the leadership level. We should strengthen the building of all systems for party organizations, conduct all kinds of party organizational activities, enhance the cohesion of party organizations, and give play to their role as the fighting bastions. In light of attaining the level of moderate prosperity in the rural areas, we should strengthen the building of rural party organizations. Rural party members should take the lead in developing production, becoming prosperous through hard work and guiding the masses to follow the path to common prosperity. In addition to doing a good job in production and management, party members should also care for the production and living of the masses, and help the poor households engage in production, shake off poverty, and become prosperous. Rural party members should give play to their vanguard and exemplary role in building the two civilizations in the rural areas, lead the masses to develop and expand the collective economy, run village-level enterprises, develop diversified economy, comprehensively improve public security, and promote socialist new habits in the rural areas.

In the afternoon, Comrade He Zhukang also travelled to Gaojia Village where the collective economic strength was fairly strong to meet with some party members. He asked in detail about the building of party branches, diversified economy, village-run enterprises, science and technology education, and other situations from party branch secretary Wu You and village head Chi Zhenduo, encouraged them to grasp well the building of basic organizations with party branches as the core, and give full play to vanguard and exemplary role of party members. He encouraged the advanced units to become more advanced and to learn from the advanced party

building models of the whole country and the whole province.

Responsible comrades of the general office of the provincial party committee, the organizational department of the provincial party committee, the Songyuan city party committee, and the Qian Gorlos Mongol Autonomous County party committee also attended the forum.

#### Rare Deposit Discovered in Jilin's Linjiang

*SK2705040695 Changchun JILIN RIBAO in Chinese 7 May 95 p 1*

[FBIS Summary] Through geologists' arduous efforts, a cobalt copper deposit, the largest rare metal deposit in China, was discovered in Dahenglu area of Jilin Province's Linjiang city. Now, deposits of 30,000 tonnes of cobalt and 40,000 tonnes of copper have been verified. The economic value of cobalt alone is expected to surpass 165 million yuan.

#### Liaoning's Gu Cuts Ribbons for 'Maiden Flight'

*SK2705040495 Shenyang LIAONING RIBAO in Chinese 3 May 95 p 1*

[FBIS Translated Excerpt] On the morning of 27 April, Gu Jinchi, secretary of the provincial party committee, and Zhang Guoguang, deputy secretary of the provincial party committee and secretary of the Shenyang city party committee, went to Yuhong Airport of a certain unit of the air force of the Shenyang Military Region to attend the ceremony for the maiden flight of "Hangyu No. 1, a KJ4A 'air car'" manufactured by Shenyang Hangyu Company, a neighborhood-run enterprise, and also cut ribbons for the maiden flight. [passage omitted]

Accompanied by city and district leaders, Gu Jinchi and Zhang Guoguang zestfully entered the passenger compartment. Zhang Guoguang, who had once worked at Shenyang aircraft company, introduced to Gu Jinchi the structures and functions of this type of light plane.

Gu Jinchi said: Yesterday, I read a report in LIAONING RIBAO, and today, I viewed this airplane on the spot. First of all, I extend greetings and regards to all of you and thank the air force unit for its assistance. A neighborhood-run enterprise has the daring to manufacture airplanes. Such a spirit of bravely blazing new trails is very valuable. Your practice proves that new ways for economic development can be pioneered by linking the vitality of district- and neighborhood-run enterprises with skilled persons and techniques of large and medium-sized enterprises. Zhang Guoguang praised that this light plane is a product made by the neighborhood enterprise by emancipating its mind. He urged that the comrades of the Beishi neighborhood committee and

Hangyu Company would make consistent efforts to push their light planes to markets as quickly as possible.

#### Liaoning Secretary Speaks at CPC Plenum

*SK2705073695 Shenyang LIAONING RIBAO in Chinese 6 May 95 p 1*

[Article by reporter Sun Desheng (1327 1795 3932): "The Seventh Liaoning Provincial CPC Committee Holds the 12th Plenary Session"]

[FBIS Translated Text] The 12th plenary session of the seventh provincial party committee was held in Shenyang on 5 May. The major tasks of the session were to decide the principles for organizing the eighth provincial party committee and its discipline inspection commission and to arrange the work of democratically evaluating the work done by the leading body of the provincial party committee.

Members and alternate members of the provincial party committee attended the session. Present at the session as nonvoting delegates were members of the provincial discipline inspection commission; party-member leading comrades of the provincial people's congress standing committee, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference [CPPCC]; veteran comrades resigned from provincial-level leading bodies; secretaries of various city party committees; and principal responsible comrades of provincial-level departments, commissions, offices, and bureaus.

Wang Huaiyuan, deputy secretary of the provincial party committee, chaired the session and also made specific arrangements for democratically evaluating the work done by the leading body of the provincial party committee.

On behalf of the provincial party committee, Yu Junbo, standing committee member of the provincial party committee and director of the organizational department, set forth the "opinion on principles for organizing the Eighth Liaoning Provincial CPC Committee and its discipline inspection commission." This plenary session will approve this opinion through discussions.

Gu Jinchi, secretary of the provincial party committee, made an important speech.

Gu Jinchi said: The provincial party congress is the highest party leading organ of the province as well as a key channel through which party delegates, on behalf of the broad masses of party members, participate in and decide the major issues of the party and manage party affairs. Thus, that whether or not the eighth provincial party congress will successfully be held,

whether or not a fighting goal and a program of action suitable to reality and mobilizing the people's enthusiasm will be defined, and whether or not the leading body is able to unify with and guide all people of the province to fight for the realization of the targets that have been defined as key functions for strengthening party building, upgrading the unity and combat effectiveness of the party organizations at various levels, and developing all undertakings in the province in the next five years.

Gu Jinchi said: The work report of the party congress is a programmatic document governing the province's social and economic development, party building, and spiritual civilization. The provincial party committee standing committee has paid full attention to drawing up the report of this congress. Last year, the provincial party committee established a leading group for drawing up a report to be delivered at the eighth provincial party congress as well as a group for drawing up this report. Then, the drafting of the report started. The general guiding ideologies for drafting the report are to persistently take Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as guidance, to comprehensively implement the guidelines of the 14th party congress and the third and fourth plenary sessions of the 14th party Central Committee, to persist in the policy of emancipating the mind and seeking truth from facts, to persistently integrate theory with practice, to combine leaders with the masses, and to strive to make the report suitable to the province's reality and more theoretical, scientific, comprehensively important, and serviceable. Through the efforts made by the comrades of the drafting group and the discussions of standing committee members, we have mapped out an opinion on the report and distributed copies of the opinion to members of the seventh provincial party committee and its discipline inspection commission, city party committees, leading party groups (party committees) of provincial-level departments concerned, and some veteran comrades in order to solicit more opinions. After that, we will invite representatives of various democratic parties and nonparty personages to further discuss the report and to listen to their opinions.

Gu Jinchi said: According to the relevant regulations of the central authorities, the provincial party committee decided that before the election of the eighth provincial party committee, it was going to democratically evaluate the performances of the leading body of the provincial party committee standing committee and of its members. In conducting evaluation, we will emphatically judge leading collective and its members' performances in implementing the basic line of the party and assess their attitude toward the basic line of the party and

their real achievements in implementation. On behalf of the standing committee of the provincial party committee, Gu Jinchi earnestly urged them to speak without reservation; to set forth valuable opinions on the work, thinking, and work styles of the provincial party committee leading collective and its members; and to make suggestions on how to improve and achieve the work of the provincial party committee.

Gu Jinchi concluded: Over the past five years, the comrades of the seventh provincial party committee and its discipline inspection commission have worked under the accurate leadership of the party Central Committee and with the support of veteran comrades, united with and guided the broad masses of the people to work arduously, and made contributions to Liaoning's socialist modernization. We believe that under the leadership of the party Central Committee and with the concerted efforts of the party organizations at various levels, party-member leading cadres, and the broad masses of party members, we will certainly be able to make preparations for well convening the eighth provincial party congress and to satisfactorily finish the election of the next provincial party committee.

At the session, Wen Shizhen, deputy secretary of the provincial party committee and governor of the provincial government, also relayed the guidelines of the speech made by Li Ruihuan, chairman of the national CPPCC committee, during his inspection in Liaoning.

#### Liaoning Successful in Organizational Reform

*SK2805092995 Shenyang LIAONING RIBAO  
in Chinese 6 May 95 p 1*

[FBIS Translated Text] Through the efforts made over the past one year or so, the institutions at the provincial department and bureau levels have made preliminary achievements in organizational reform. Thirty-one institutions at these levels are now operating according to their new management systems after their projects for reorganization were approved by the provincial party committee and government.

Along with the setup of the socialist market economic system and the ceaseless development of the situation, some problems needed for urgent solution were exposed one after another in the practical work of the institutions at the provincial department and bureau levels. First, with more institutions under the provincial government, the provincial party committee and government leaders bore heavier burdens when conducting direct management. Second, government functions and institutions' duties were not divided. Third, the finance bore heavier burdens since allocations to these institutions

accounted for a large proportion. Fourth, the personnel structure was not reasonable. Reserve administrative personnel accounted for a large proportion when specialized personnel working in the forefront of education and scientific research amounted to a small proportion. Thus, the progress of the teaching and scientific research work was affected. Fifth, with more administrative and management organizations, without definite functions, and by subordinate organs' indiscriminate use of administrative ranks, these institutions were installed with some unnecessary administrative procedures, were rigidly managed, and had no initiative to readjust business organizations according to their own demands.

To solve the aforesaid problems, the provincial party committee and government worked out a series of measures for reforming the management systems and operational mechanisms of the institutions at the provincial department and bureau levels.

First, in the light of the setup of the institutions directly under the state and both the historical and current situations of the department- and bureau-level institutions directly under our province, we readjusted standards, changed subordinate relations, and closed seven institutions directly subordinate to the province; thus making the number of the institutions directly managed by the provincial party committee and government be reduced from 13 to six, a drop of 54 percent. As a result, the provincial party committee and government's burden on direct management lightened.

Second, six institutions, undertaking duplicate tasks and where there were no divisions between government functions and institutions' duties and between institutions' duties and enterprise management, were abolished, merged with others, or shifted their business functions. As a result, the number of the institutions at the provincial department and bureau levels was reduced from 37 to 31, a drop of 16 percent. The number of institutions with allocations was reduced. At the same time, less funds were allocated to the institutions with fewer staff as well as those with capability for creating revenues. A total of 2,512 staff members whose payments were from financial allocations were reduced.

Third, the personnel proportional structure was standardized, the number of reserve administrative personnel was reduced, and personnel working in the forefront of professional work was strengthened. All units installed their reserve administrative personnel in proportion as 30 percent of their working personnel. Thus, 7.5 percent of the reserve administrative personnel were reduced.

Fourth, the method for management of organizations subordinate to institutions was reformed. The number

of the administrative and management organizations under the institutions of different categories was fixed and their duties were standardized. Motivation for independently managing their subordinate organizations was enhanced. The number of the administrative and management organizations under the institutions at the provincial department and bureau levels was reduced from 252 to 201, a drop of 20 percent. Their subordinate organizations were decontrolled and would no longer indiscriminately use administrative ranks. Institutions defined administrative ranks for their subordinate organizations according to actual demands.

#### Liaoning Secretary on Invigorating Enterprises

*SK3105074995 Shenyang LIAONING RIBAO  
in Chinese 7 May 95 p 1*

[FBIS Translated Text] At the provincial study session on accelerating enterprises' entry into the track of market economy held on 6 May, Gu Jinchi, secretary of the provincial party committee, stressed: To make state-owned enterprises enter the track of market economy, it is necessary to depend on the initiative and creativity of the vast numbers of cadres and the masses and to bring their initiative and creativity into full play, and it is necessary to undergo the process of penetratingly emancipating the mind and changing ideas. Only after casting off the ideological burdens left over by old systems will it be possible to start machines and march with light packs.

#### What Practical Meaning on Earth Does the Continuous Emancipation of the Mind Have in Invigorating State-Owned Enterprises?

Gu Jinchi said: When viewed from the practical situation of the province, we should continuously emancipate the mind to tackle the question related to confidence, that is, whether or not we can successfully operate state-owned enterprises under the condition of the market economy. An answer has already been given or is being given to this question in practice. Achieving success in operation is no longer the case of a few enterprises, but is the case of many enterprises. This shows that it is completely possible to successfully operate state-owned enterprises under the condition of the market economy. When viewed from the development law of things, development gaps exist objectively; but precisely in these gaps, potential is contained and the possibility of transformation is shown. To tap the potential and to turn possibility to reality, we need conditions, including the necessary relaxed external condition, correct and favorable macroeconomic regulation and control, and a fine mental state in society. Of them, an important one is the subjective endeavor. Some com-

rades maintained: Under the condition of the market economy, operating state-owned enterprises is not as easy as operating township and town enterprises, private enterprises, and foreign-invested enterprises. Here, we should clearly understand an essential fact, that is, township and town enterprises, private enterprises, and foreign-invested enterprises have grown up along with the development of market economy, while most state-owned enterprises were established and grew up under the planned economic system. Hence, original operation mechanisms of most state-owned enterprises is incompatible with market economy, and the said mechanism must be changed first.

#### **How Great a Role on Earth Does the Full Exploitation of the Masses' Subjective Initiative Play in Successfully Operating Enterprises by Surmounting Difficulties?**

As indicated by Gu Jinchi, whether or not state-owned enterprises can mainly depend on their own strength to invigorate and develop themselves is no longer a theoretical question in need of exploration, but is a question of practice. Even among the enterprises that have been operated successfully, their objective conditions are not all the same, with some being good and others bad. It is unrealistic to think that all state-owned enterprises can be operated successfully regardless of their conditions. However, there is also the case that an enterprise with relatively good conditions has been operated in a poor manner, while an enterprise with fairly poor conditions has been operated in a good manner. A major reason for this lies in the different degrees of subjective endeavor. Under the same external environment, some enterprises can find nothing to do, suffer declining economic efficiency and heavy debts, and then land in a predicament; while others can find much to do, be full of vitality, and witness continuous increases in profits and tax delivery. Within the same trade, some enterprises suffer overstocking of products and find no market for their products; while others can find a market for their products and then occupy and continuously broaden markets. By enjoying the same policy, some enterprises can continuously develop new products, and whenever their products are unsalable on market, they can use another product to occupy markets, thus being able to maintain the sustained development of enterprises. However, some others are unable to develop new products and thus feel quite helpless and are beset with difficulties whenever there are changes in markets. When conducting technological transformation, some enterprises have accurately selected products and correctly calculated the demanding funds, thus having become more and more prosperous after technological transformation. However, some others have failed to select accurate products and to

make correct estimation of demanding funds, thus being forced to increase money input and put off time limits many times in the process of transformation. As a result, the day when their technological transformation projects are completed is the day to stop their production, and the burden on them are too heavy to be laid down for many years. For the same enterprise, sometimes it is operated at a loss due to a narrow train of thought, low morale, and the outmoded concepts of its leading bodies; while sometimes it is operated at a profit and shows a new situation thanks to the high morale and new concepts of its leading bodies. The above-mentioned phenomena exists in many enterprises of the province. From these cases we can see that the subjective endeavor of enterprises under the same basic conditions plays a decisive role in invigorating enterprises. What should be stressed here is among the province's state-owned enterprises, only a few absolutely lack objective conditions to invigorate themselves. For most enterprises, good and poor conditions are relative. Their objective conditions can be created and changed by their subjective endeavor, and thus their favorable conditions can be changed to unfavorable ones and vice versa. Completely placing hope on the changed objective economic situation, on new policies, and on huge state investment is unrealistic and is an expression of having no confidence in one's own strength. With such an idea, it is difficult to successfully operate enterprises no matter how good the conditions may be.

When viewed from subjective conditions, the key lies in fostering correct concepts and ideas. This is the most essential content of the practice experience of advanced enterprises. If most of our enterprises have a good mental state and a set of concepts and ideas compatible with market economy, just like advanced enterprises do, we will be able to fully tap the potentials of enterprises, change the outlook of enterprises, and invigorate enterprises through fruitful work.

#### **Should State-Owned Enterprises Exist Naturally or Exist Through Competition?**

Gu Jinchi pointed out: Having state-owned enterprises "exist naturally" is a concept for state-owned enterprises formed under the traditional planned economic system, while having state-owned enterprises "exist through competition" is a concept that needs to be embraced under the market economic system. Some comrades maintain consciously or unconsciously that now that state-owned enterprises are owned by the state, the state should be responsible for their existence, and that they have the right to exist naturally. This is the ideological foundation for the occurrence of a mentality of dependence, a weak self-reliant consciousness, and a mental-

ity of "waiting for, depending on, and demanding something from the state." The "natural" existence right is negated by the market economy. Under the market economy, only the right of exist through competition is allowed. In other words, only the superior survive, and the inferior should be eliminated. Under conditions of market economy, excepting the small number of state monopolized enterprises and non-competitive enterprises, most enterprises do not depend on their background and previous achievements for rights to exist. The existence right of enterprises is decided by the market, and market competition determines the destiny of enterprises. To exist and develop, state-owned enterprises must participate in equal competition in the capacity of legal person, use their own products to expand and occupy markets, and realize their value and profit through markets. Some comrades have vividly said that state-owned enterprises must go to markets to again receive the "existence permission certificate."

#### **Is It Right That State-Owned Enterprises Can Only Be Linked With the Planned Economy, But Not the Market Economy?**

Gu Jinchi said: Some comrades hold that the state-owned sector of the economy can only be naturally linked with the planned economy and is out of tune with market economy. Such an outmoded concept on state-owned enterprises may make comrades reluctant to part with the planned economic system and then estrange them from this system. Such an estrangement may lead to a mentality of repellence and then make comrades drift from the market in their deep thoughts. For some comrades, estrangement may develop into fear. With a weak mentality, it is rather difficult to assume a strong pose in fighting in the markets. In market competition, such comrades always fight the passive "contact battle," but not the active "attack battle." Comrades harboring such a weak mentality will often attribute enterprises' difficulties to markets and will lead a rather stable life under the planned economy rather than "torture" themselves in market competition. It should be noted that market economy not only means pressure to the existence of enterprises, but also is an incentive to the development of enterprises. Pressure and incentive are closely interrelated. It is precisely in market economy that state-owned enterprises can obtain full autonomy, can untie their hands, can fully display their abilities and strength on the stage of market economy, and can realize even greater development and profits. At present, although state-owned enterprises, old enterprises in particular, still have difficulties in entering markets that were formed over time, they also possess advantages that are not available for enterprises of other sectors of the economy. Generally speaking, the difficulties faced

by state-owned enterprises are temporary ones, while the abundant economic strength of state-owned enterprises constitutes a factor that can be utilized for a long time. So long as state-owned enterprises continuously adapt themselves to market demands from internal mechanism to product structure, they will be able to completely become strong hands of the market economy and take an invincible position.

#### **Should State-Owned Enterprises Treat Enterprises of Other Sectors of the Economy as Competitors on an Equal Footing and Use Their Strong Points To Offset Their Weaknesses or Stand Still and Refuse To Make Progress by Posing as Elder Brother?**

Gu Jinchi said: For a long period of time, state-owned enterprises have been regarded as the "proud son" and the "eldest son" by the state and have been in the position of unifying the whole country. However, with the development of the market economy, diverse sectors of the economy have grown up rapidly. When viewed in terms of market competition, all of these diverse sectors of the economy are unavoidable opponents to state-owned enterprises and impose a challenge to state-owned enterprises. Some comrades are consciously or unconsciously reluctant to give up the position of "eldest brother," are unwilling to enter the state of competition, are unbalanced in mentality, have a "feeling of loss," and consider the competition with other sectors as "pricing down." We should understand that in a market economy, enterprises compete with each other regardless of origin and economic sector, and that the enterprise that occupies the markets is the winner. State-owned enterprises should exist for a long time and develop together with the enterprises of the other sectors of the economy through competition. State-owned enterprises should not only continuously expand the market occupation rate by strengthening their own competitiveness but also learn from the good management and operation experiences of the enterprises of other sectors of the economy, and then delegate the work and if necessary, cooperate with them in order to play a key role in promoting economic development. Gu Jinchi pointed out: State-owned enterprises still have a lot of work to do and great potential for changing their concepts and ideas with a view to transiting from the planned economic system to the market economic system. In addition, the task on emancipating the mind remains arduous. Only by laying down the ideological burden left over by old systems can we start this process and march with light packs.

**Liaoning Governor on Entering Markets**

*SK0106063095 Shenyang LIAONING RIBAO  
in Chinese 9 May 95 p 1*

[FBIS Translated Text] At the provincial discussion seminar on accelerating enterprises' entrance into the orbit of the market economy, which concluded on 8 May, Governor Wen Shizhen stressed: By no means does mass discussion mean taking seats to discuss principles. While conducting mass discussions, we should be sure to link theories with practice, greatly emancipate the minds through mass discussions, promote economic development by emancipating the minds, and promote new work improvements by renewing thoughts. Both party and government organs and enterprises should closely link mass discussions with actual conditions, gradually sort out the major problems surfacing the economic work and social development, and pioneer ways and make strides.

**To Push Enterprises to Markets, Leading Bodies Must Take the Lead in Entering Markets.**

Wen Shizhen said: In a sense, the setup of the socialist market economic system depends on the growing up of new-typed management talents and entrepreneur contingents. Enterprises' prosperity and success depend on their plant directors (managers) and leading bodies. Therefore, plant directors (managers) and leading bodies of all enterprises, particularly state-owned large and medium-sized enterprises, should be the first to enter markets in line with the main subjects of changing mechanisms, enhancing internal strength, occupying markets, and rejuvenating and developing the economy. Simultaneously, we should select and promote outstanding talents who conform to cadres' four requirements and cultivate and train entrepreneur contingents.

**We Should Make Breakthroughs in Readjusting the Industrial Structure and the Product Mix**

Wen Shizhen said: Some state-owned large and medium-sized enterprises in our province have landed themselves in strained circumstances. One of the important reasons is that they have no good products to occupy markets. All enterprises should conscientiously sum up experiences and lessons and make suitable and strategic readjustments. The key to making suitable readjustment is to increase the output of readily marketable products and to positively develop the products with potential for entering markets. At the same time, we should grasp favorable opportunities to achieve strategic readjustment to make the economic structure meet the needs of both domestic and international markets. The Ninth Five-Year Plan period is the last favorable opportunity for readjusting Liaoning's

economic structure during this century. We must judge the hour and size up the situation to grasp this opportunity. We should take the readjustment of enterprises' product mix as a foundation to develop our province's pillar industries, key enterprises, and key products. We should emancipate the mind; widen the field of vision; cater to domestic and international markets; cater to primary, secondary, and tertiary industries; and deeply study the ideas for structural readjustment.

**To Push Enterprises to Markets, We Must Change Managerial Mechanisms.**

Wen Shizhen stressed: At present, we should emphatically grasp the work in three aspects: First, set up and perfect mechanisms for developing products in line with market demands and for encouraging the pioneering of markets. Second, set up a management mechanism suitable to the development of the socialist market economy. With slackening in management in the past few years, some enterprises relaxed discipline, suffered property losses, reduced quality, and raised production costs. We must approach from the high plane of enlivening the overall state sector of the economy and extricating ourselves from the current strained circumstances of state-owned large and medium-sized enterprises to understand the importance and urgency of strengthening enterprise management and to realistically strengthen and improve enterprise management.

Emphasis should be placed on grasping the management of quality, cost, and capital. Third, we should continue to experiment with enterprise reform. In experimenting with enterprise reform, we should lay stress on making breakthroughs and blazing new trails. By carrying out the modern enterprise system on a trial basis, we should explore new ways suitable to the socialist market economic requirements as well as new ways for enlivening state-owned large and medium-sized enterprises. At the same time, we should combine enterprise reform with enterprise reorganization; do a good job in experimenting with enterprises' bankruptcy, amalgamation, and cooperation; and optimize the distribution of existing property.

Wen Shizhen said: During his recent inspection in our province, Comrade Li Ruihuan fully affirmed the provincial party committee and government's strategy for developing the export-oriented economy to promote overall economic development. So, we should achieve our work, open up wider, accelerate the implementation of the strategy, conscientiously implement all tasks defined at the provincial open work conference which was held at the beginning of the year, and pay particular attention to positively expanding the use of foreign capital. We should focus on enlivening state-owned

large and medium-sized enterprises; attach prominent importance to pillar industries, key enterprises, and key products; expand the dynamics of inviting business and introducing capital; conduct "grafting" transformation among 100 large and medium-sized enterprises; pay attention to the talks on and the signing of the 40 capital cooperation projects each involving more than \$10 million foreign investment. Simultaneously, we should focus on readjusting the export product mix; make efforts to pioneer international markets; grasp the development of three key export industries, including machinery and electronic industries, light and textile industries, and foreign exchange-creating agriculture; increase the export of machinery and electronic products; pioneer international markets; and ensure the fulfillment of the plans for exporting local products and creating foreign exchange by exporting local products.

**Party and Government Organs Should Accelerate the Change of Functions and Create Good Social Environments for Sending Enterprises to Markets.**

Wen Shizhen said: Enterprises should rely on not only their own efforts, but also government organs, particularly economic departments, to "lay tracks" for embarking on the orbit of the market economy. Superstructure must suit the foundation of the economy. Now, we are developing the socialist market economy. However, the party and government organs, being superstructures, still fail to completely extricate themselves from restrictions of the unitary planned economic system to affect the development of productive forces and enterprises are not satisfied. So party and government organs at various levels across the province and departments for management of the economy should positively participate in discussions so as to suit, as quickly as possible, the new situation of developing the socialist market economy.

Wen Shizhen said: Since the launching of the discussion on embarking on the orbit of the market economy, the provincial-level organs have basically been mobilized. However, the general evaluation on their discussions must not be excessively high. Only a few departments conducted in-depth discussions, but most of the units held discussions in a vague, general way, and did not make great improvements in their work. Viewing the provincial situation, we notice that to help enterprises enter the orbit of the market economy, party and government organs must change ideas, management functions, and work styles; and improve the quality of their working personnel. Some of our departments and comrades are used to consulting the instructions and documents from higher levels that have red headlines, and often judge the truth and falsehood according to documents' regulations, but do not allow what has not been men-

tioned in the documents from being done. We often stress the necessity to seek truth from facts. However, we entirely forget this principle of utmost importance in doing our concrete work. Now, we are in a period when old systems are being replaced by the new. Along with the development of practice, the existing policies and regulations, including some current policies, must be revised and perfected according to the development of practice. Otherwise, it will impossible for us to make progress. We used to be slower than others by a few beats because we did not have the daring to revise or make breakthroughs in things that have effect. We still hold to a wait-and-see attitude when others work enthusiastically. So, we have lost many good chances. We should conscientiously draw lessons from this so as to make our working personnel's thinking meet the requirements for developing the socialist market economy. To change functions, we should mainly solve the problems in two aspects. First, we should smash the management forms and work methods that took shape under the planned economic system. The things that should not or cannot be administered should be shifted to others. The decision-making powers that belong to enterprises should be returned to enterprises. We should bring into play market mechanisms' functions for regulating markets. The liabilities that society should undertake should shift to society. We must not refuse to delegate power to lower levels. Second, problems due to the failure to put macrocontrol in place should conscientiously be solved. Work styles should be changed. First, we should resolutely overcome the tendencies of not keeping the overall situation in mind and each performing official duties according to his own ways. Second, the problems due to poor mental spirit should be solved. Third, the unhealthy trends that some office cadres do not keep forging ahead, are in low spirit, drift along, and slacken the sense of discipline should be eliminated.

Wen Shizhen stressed: When returning to your work posts after the seminar, you have to display what we have learned at this seminar in your practical work, and guide the broad masses of staff members and workers to accelerate the pace of entering to the orbit of the market economy. To make enterprises cater to markets, we should first have entrepreneurs face markets. In the period of shifting the old systems into new ones, the mission we are taking on is glorious and arduous. Reform provides the people of our generation with a wide stage for displaying our talents. We hope that the entrepreneurs in our province will be able to stand in the forefront of the times, work arduously amid the big tide of reform and opening up, rouse ourselves for vigorous efforts, keep forging ahead, have grand prospects, and make contributions

to rejuvenating Liaoning's magnificent spirit and doing second pioneering work.

#### **Liaoning Secretary Assesses Young Cadres**

*SK2805035395 Shenyang LIAONING RIBAO  
in Chinese 12 May 95 p 1*

[Article by reporter Sun Desheng (1327 1795 3932): "Accurately Assess Young Cadres and Do Not Stick to One Pattern To Discover Talents"]

[FBIS Translated Text] On the afternoon of 11 May at the Liaoning People's Theater of Shenyang, the provincial party committee held a mobilization rally to arrange the work of democratically recommending persons selected for members of the eighth provincial party committee and its discipline inspection commission and for provincial-level reserve cadres.

Wang Huaiyuan, deputy secretary of the provincial party committee, chaired the rally.

On behalf of the provincial party committee, Yu Junbo, standing committee member of the provincial party committee and director of the organizational department, set forth the "opinion on democratically recommending persons selected for members of the eighth provincial party committee and its discipline inspection commission and for provincial-level reserve cadres; and specifically explained the targets to be recommended, the number of persons recommended, the qualifications and requirements of persons recommended, the personnel who participate in the recommendation work, recommendation organizations, and the time limit for the recommendation.

Gu Jinchi, secretary of the provincial party committee, made a speech at the rally.

Gu Jinchi said: Through the discussions at the 10th plenary session of the seventh provincial party committee and with the approval of the party Central Committee, the provincial party committee decided to convene the eighth provincial party congress this August to elect new provincial party committee and its discipline inspection commission. This is a great matter in our province's political life. The work of democratically recommending persons selected for members of the provincial party committee and its discipline inspection commission is an important task for well preparing personnel for the next committee and commission, arranged by the provincial party committee according to the rules as stipulated in the party constitution and the regulations on the electoral work of local party organizations.

Gu Jinchi said: The key to ensuring the quality of persons recommended is to persist in the standards for party

cadres and to be sure to select the best from the good. First of all, the persons recommended for members of the "committee and commission" and for provincial-level reserve cadres must politically be qualified; be able to unswervingly observe the party's line, policies, and principles; maintain a high degree of unity with the party Central Committee in terms of politics, thinking, and behavior; emancipate the mind; seek truth from facts; bravely do pioneering work and blaze new trails; make real political achievements; consciously fulfill the aim of the party; establish close contacts with the masses; be honest in performing official duties; and enjoy the trust of the people. Simultaneously, they must obtain the practical experiences, organizational ability, leadership, educational levels, and specialized knowledge needed for their jobs. We should set higher demands on the persons selected for provincial party committee standing committee members and provincial-level reserve cadres and strive to attain the five requirements for higher-level cadres as defined at the fourth plenary session. Of the persons recommended for members of the "committee and commission" and provincial-level reserve cadres, cadres of minority nationalities and women cadres should account for a proper proportion. Persons recommended for provincial deputy leaders should consist of outstanding cadres other than CPC members.

Gu Jinchi stressed: Through reform, opening up, and modernization over the past 10-odd years, a large number of outstanding young cadres with good basic quality and prominent work achievements and enjoying the trust of the people have grown up in our province. The leading comrades at various levels should emancipate the mind, free themselves from the restrictions of various outdated and backward ideas, foster a new thinking of employment, comprehensively analyze and accurately assess young cadres, widen the field of vision, not stick to one pattern but widely discover skilled persons, and positively recommend outstanding talents to party organizations.

Present at the rally were members and alternate members of the provincial party committee; members of the provincial discipline inspection commission; members of the leading bodies of the provincial people's congress standing committee, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference; veteran comrades retired from the provincial-level leading bodies; and responsible persons of the departments and commissions under the provincial party committee; provincial-level departments, commissions, offices, departments, and bureaus; the provincial court; the provincial procuratorate; democratic parties; and mass organizations. Meeting halls

were set up in various cities. More than 2,000 people attended this rally.

#### Liaoning Invests in Infrastructural Construction

OW0106065195 Beijing XINHUA in English  
0642 GMT 1 Jun 95

[FBIS Transcribed Text] Shenyang, June 1 (XINHUA) — Northeast China's Liaoning Province, one of the country's heavy industrial bases, has invested more than 20 billion yuan in infrastructural construction since the late 1970s.

The province has built four major expressways linking Shenyang, its capital city, Dalian, the largest port, Fushun, a major coal and steel producer, and Benxi, a large industrial city.

Two other expressways, one around Shenyang city, and one linking Shenyang with Shanhaiguan, a city at the starting point of the Great Wall, are now under construction.

Half of its 14 major cities are linked by expressways, and the highway network now exceeds 40,000 km in length, connecting all its counties and more than 70 percent of its townships.

In order to improve its railway system, the province has built the New Northern Railway Station, and the Western Marshalling Yard in Shenyang.

With the completion of the Haicheng-Youyan Railway, the province now has a total of 3,842 km of railways, linking all of its 14 major cities and 40 counties.

The province has also built 150 major berths in the ports of Dalian, Yingkou, Jinzhou, and Dandong, 39 of which handle ships of 10,000 dwt, increasing annual handling capacity to 70 million tons.

Air transportation, which is handled mostly by Xiantao Airport in Shenyang, Zhoushuizi Airport in Dalian, and airports in Dandong, Jinzhou, and Chaoyang, has been improved with the opening of more than 70 domestic and international air routes.

#### Northwest Region

Software Protection Campaign Ends in Xian  
OW0106085395 Beijing XINHUA in English  
0813 GMT 1 Jun 95

[FBIS Transcribed Text] Xian, June 1 (XINHUA) — A publicity campaign dubbed the "Software Tide", whose goal is the protection of computer software copyrights, has just come to an end in this capital city of northwest China's Shaanxi Province.

More than 200 computer experts from the China Software Union and many other places of the country attended the event. Lectures, seminars, exhibitions, and technical exchanges concerning software were organized for the event.

The action has helped to spread awareness of intellectual property rights in the northwestern part of China, and help in the healthy development of the software industry in the region.

At present, Shaanxi province has nearly 1,000 computer companies, and more than 10,000 professionals involved in software development.

Xian's particular software market has a strong bearing on business activity in the whole northwest region.

#### Food Industry Boosts Economy in Shaanxi's Baoji

OW2905085495 Beijing XINHUA in English  
0705 GMT 29 May 95

[FBIS Transcribed Text] Xian, May 29 (XINHUA) — The fast developing food industry in Baoji city in northwest China's Shaanxi Province has helped the local economy, achieving a pre-tax profit totalling 600 million yuan last last.

Last year saw the food processing sector generating 1.75 billion yuan in output value, accounting for 12.4 percent of the city's industrial total, an increase of 15 percent over the previous year.

In the first four months of this year, the sector registered an increase of more than 20 percent over the same period of last year.

The city government allocated more than 100 million yuan for food factory expansion and technical renovation in 1994, and approved eight Sino-foreign food companies to fully tap local agricultural resources.

As a result of these efforts, the food sector at present boasts 18 instant noodle factories, which can produce 300 million yuan-worth of noodles a year, and 8,000 tons of powdered milk.

The city last year brewed 65,000 tons of beer, 41 percent more than the 1993 figure. The city's breweries will sell 150,000 tons of beer after the completion of a technical improvement project this year, according to the municipal government.

Serving as a catalyst for the local economy, the rapidly developing food industry has also helped agriculture, animal husbandry, and the fishery business, which have registered an increase of 50 percent over the past six years.

**Xinjiang Trying 14 Officials Over Theater Fire**

*OW3105161995 Beijing XINHUA in English  
1558 GMT 31 May 95*

[FBIS Transcribed Text] Urumqi, May 31 (XINHUA) — A total of 14 officials who have been held responsible in connection with the big fire in Karamay City in northwest China's Xinjiang Uygur Autonomous Region have been formally sent for trial, sources at the city's People's Procuratorate said today.

A major fire broke out on December 8 last year at the city's Friendship Theater, where hundreds of students and teachers were watching a performance. Some 325 people died, including 288 schoolchildren.

Late last year 19 officials were removed from their posts or questioned in connection with the fire.

Among the 14 officials were the former Vice-Mayor of Karamay City Zhao Lanxiu, former Vice-Director of the Xinjiang Petroleum Bureau Fang Tianlu and eight other officials, who were accused of neglect of safety measures and insufficient efforts in fire relief work. The other four officials were accused of serious infringement of fire control regulations and being absent from their posts when the fire broke out.

The 14 officials face charges at the city's intermediate people's court.

**Xinjiang To Hold Annual Trade Fair 1-8 Sep**

*OW2905145195 Beijing XINHUA in English  
1433 GMT 29 May 95*

[FBIS Transcribed Text] Beijing, May 29 (XINHUA) — Northwest China's Xinjiang Uygur Autonomous Region will hold its fourth annual trade fair in its capital of Urumqi September 1-8, according to a press conference held here today.

The Urumqi trade fair has been listed among the four-biggest trade fairs throughout China; the other three are held in Guangzhou, Shanghai and Harbin, respectively.

The '95 Urumqi Trade Fair will put forward a number of new economic and trade co-operation projects, apart from holding trade talks as in the previous three fairs. The projects will include the processing of oil and gas, mining of nonferrous metals and those involving the textile and food-processing industries.

At the press conference, Acting Regional Party Secretary Wang Lequan said, "the '95 Urumqi Trade Fair will continue to widely invite businessmen from at home and abroad to come to talk about business, to make investments and to co-operate with us economically and technologically."

Xinjiang is located in the hinterland of the Eurasian Continent, bordering on eight countries — Mongolia, Russia, Kazakhstan, Kirghizstan, Tadzhikistan, Pakistan, Afghanistan and India. The region has China's longest boundary lines with other countries compared with other provinces and autonomous regions. So far, 15 border ports of the region have been opened and 33 of its border counties have been granted the right to engage in border trade.

The region exports 230 kinds of commodities at present. Its total foreign trade volume was 1.02 billion US dollars-worth last year.

Xinjiang is also rich in natural resources. Among 162 kinds of mineral resources so far found in China, there are rich deposits of 122 in the region. Currently, Xinjiang is the largest oil base in western China and a major production base of grain, cotton, sugar beet, fruits, melons, silk and animal products.

**Xinjiang Begins Work on First High-Grade Highway**

*OW2705021695 Beijing XINHUA in English  
0145 GMT 27 May 95*

[FBIS Transcribed Text] Beijing, May 27 (XINHUA) — Northeast China's Xinjiang Uygur Autonomous Region has begun the construction of its first high-grade highway, as part of its effort to pave the way for local economic growth.

The highway, with a total length of 283.3 km, starts from Turpan in the east and ends at Dahuangshan, more than 30 km north in Fukang County, via the capital city of Urumqi.

It is scheduled to open to traffic in September 1998, with a total investment of 2.28 billion yuan, local officials said.

When completed, the highway will link Urumqi more closely with Changji and Altay prefectures in northern Xinjiang, Turpan in the east, Hami Prefecture and southern Xinjiang, to greatly alleviate the strain on the local transportation of passengers and cargo.

Xinjiang has so far transformed dozens of urban roads and nine highways linking up with various outlets to the rest of the country, officials said.

In addition, the building of a highway around Urumqi, ten urban roads, and ten large overpasses has started simultaneously, they added.

**Women Make Up 70% of Xinjiang Service Workers**

OW2705013895 Beijing XINHUA in English  
0043 GMT 27 May 95

[FBIS Transcribed Text] Urumqi, May 27 (XINHUA) — Rabiya Kadir, a 46-year-old Uygur woman, nowadays often goes on business trips to countries of the Commonwealth of Independent States.

The owner of the Rabiya Commercial Building, which cost 12 million yuan to construct, she is planning to set up the Rabiya Transnational Corporation.

Rabiya is one of many women of ethnic groups in northwest China's Xinjiang Uygur Autonomous Region who are engaged in business and are active in the market economy.

According to the Xinjiang Women's Federation, the status of national minorities' women in Xinjiang were

very low before New China was founded in 1949. Women were regarded merely as the people to raise children and do housework at that time.

Nevertheless, more than one million women in Xinjiang are now directly involved in economic development, said the federation president.

Statistics show that at present some 70 percent of people in the service trades in Xinjiang are women. This capital of the region has more than 100,000 self-employed women, over 40 percent of the city's total number of women.

Women of all nationalities in Xinjiang are playing important roles in all economic sectors, said the federation president.

**CPC Spokesman Emphasizes Jiang's Taiwan Speech**

*OW0106093695 Beijing XINHUA Domestic Service in Chinese 0818 GMT 22 May 95*

[FBIS Translated Text] Beijing, 22 May (XINHUA) — The spokesman of the CPC Central Committee Taiwan Affairs Office made a statement today, pointing out emphatically that we must further carry out General Secretary Jiang Zemin's important speech made on 30 January on the Taiwan issue and unification of the motherland; do a solid job in undertakings related to Taiwan affairs; promote development of cross-strait relations; and accelerate progress in the cause of national unification.

The spokesman of the CPC Central Committee Taiwan Affairs Office said: General Secretary Jiang Zemin's important speech brought about great and profound impact. A great upsurge in learning and publicizing General Secretary Jiang Zemin's speech has arisen in various localities, and relevant departments have taken practical measures to promote development of cross-strait relations. The masses in Taiwan and Hong Kong and Macao compatriots and Overseas Chinese warmly welcomed and highly appraised the views and comments in the speech, believing that this programmatic document would give a tremendous impetus to the development of cross-strait relations. We are glad to see that motivated by the guidelines of General Secretary Jiang Zemin's speech, a new momentum has emerged in developing cross-strait exchanges in economic, trade, and other fields.

The spokesman of the CPC Central Committee Taiwan Affairs Office said: After General Secretary Jiang Zemin gave his speech, the Taiwan authorities made some remarks in their statements on cross-strait relations. Mr. Li Denghui [Li Teng-hui] and Mr. Lian Zhan [Lien Chan] held: "The mainland should be regarded as the hinterland for Taiwan's economic development," the current stage of cross-strait relations should "concentrate on economy and trade," and Taiwan should "enhance cross-strait economic and trade exchanges and develop mutually beneficial relations" according to principles of market economy. They indicated that cross-strait exchanges should be strengthened and national sentiments should be cultivated on the basis of the Chinese culture. They affirmed that the "Wang-Gu talks" and cross-strait talks on routine matters were signs that imply that cross-strait relations have entered a "period of consultations." We hope that the Taiwan authorities will take practical measures to allow direct exchanges of postal, air, and shipping service, and direct trade exchanges between the two sides to promote cross-strait economic exchanges

and cooperation. We welcome the Taiwan authorities to share with us the task of inheriting and carrying forward the fine traditions of the Chinese culture. We hope that both sides will enhance communication and mutual trust through equal, practical, and rational consultations to promote sustaining development of cross-strait relations.

The spokesman of the CPC Central Committee Taiwan Affairs Office said: General Secretary Jiang Zemin's proposal that both sides should hold negotiations on officially ending the state of hostility between the two sides on the premise that there is only one China is reasonable and sensible. This proposal was welcomed by the peoples on both sides of the Taiwan Strait and has won media support from home and abroad. Despite these facts, the Taiwan authorities still intend to delay such negotiations and erect barriers. Their moves go against the wish of the peoples on both sides of the Taiwan Strait. We hope the Taiwan authorities will attach importance to the overall national interests and follow the trend of the time and people's wish to hold negotiations with the mainland on the above issue as soon as possible.

The spokesman of the CPC Central Committee Taiwan Affairs Office pointed out: There is only one China and Taiwan is a part of it. China's sovereignty and territory must never be allowed to suffer split. Leaders among the Taiwan authorities also acknowledged that Taiwan is a part of "China's territory," and expressed willingness to "pursue a unified China." Nevertheless, their propositions that the two sides of the Taiwan Straits "do not belong to each other," and "split the country and rule under separate regimes" totally contradict the principle of "one China." People on both sides cannot agree on these propositions.

The spokesman of the CPC Central Committee Taiwan Affairs Office said: We place hope on the Taiwan authorities and, moreover, on the people on Taiwan. As long as all Chinese, including Taiwan compatriots, persist in unification, oppose split, and develop cross-strait relations in an all-around way, we will be able to accomplish the great cause of the unification of the motherland. We hope the Taiwan authorities will show sincerity, take practical measures, and work hard to develop cross-strait relations and promote peaceful unification in order to live up to the expectations of Chinese at home and abroad.

In conclusion, the spokesman said: All localities, parties, social organizations, and people of all walks of life across the country must further study and carry out the guidelines of General Secretary Jiang Zemin's important speech, integrate these guidelines with their

own practical situation, do a solid job, develop cross-strait relations, and promote national unification in an all-around way.

#### **Editorial Protests Taiwan Independence**

*HK3105070095 Hong Kong TA KUNG PAO  
in Chinese 26 Apr 95 p A2*

[Editorial: "Denouncing the Farce of 'Farewell to China'"]

[FBIS Translated Text] April 17 of this year is the centenary of the signing of the "Shimonoseki Treaty." In 1894 Japanese imperialism touched off the Sino-Japanese War of 1894-1895 by challenging China. The cause of the war was Korea. After the defeat, the Qing government signed the "Shimonoseki Treaty" with Japan in the following year, subjecting China to national betrayal and humiliation. The Shimonoseki Treaty consisted of 11 articles, the first of which was to force China to recognize Korea's independence, which was actually an annexation of Korea. Article 2 forced China to cede territory and pay indemnities, stipulating that "the whole of Taiwan and all islands under its jurisdiction," as well as the Penghu Islands, were "ceded forever" to Japan. Cherishing a wilder ambition ever since, Japan invaded and occupied northeastern China in the wake of the 18 September 1931 Incident, and set up the "Manchukuo." Later, it again engineered the so-called "specialization of northern China." Eventually, following the 7 July 1937 Incident, Japan launched an all-out invasion of China in an attempt to annex China.

At the 50th anniversary of the signing of the Shimonoseki Treaty in April 1945, Japanese imperialism, which was beset with numerous difficulties, showed signs of defeat. In its editorial at that time, the Chongqing-based TA KUNG PAO pointed out that a situation of sure victory and bright future had emerged in China's eight-year war of resistance while Japan was isolated and miserable and faced certain defeat. China would eventually wipe out the humiliation, tear the Shimonoseki Treaty to pieces, and recover the lost territory including Taiwan. Sure enough, Japanese imperialism surrendered four months later.

With the victory of the war of resistance, the Taiwan compatriots happily ushered in the liberation. The whole island jubilantly welcomed the nationalist army. However, the persons sent by the Kuomintang [KMT] authorities to recover Taiwan were so extravagant, dissipated, corrupt, and decadent that the Taiwan compatriots were very disappointed, bringing about the 28 February Incident. On the mainland, relying on its 8 million modern troops, the KMT launched an all-out civil war. As

an army puffed up with pride is bound to lose, the KMT troops retreated to Taiwan at the end.

In the 50 years after World War II, tremendous changes have taken place on both sides of the Taiwan Strait. The compatriots across the strait look forward to the peaceful reunification of the motherland. Especially since the Chinese mainland opened up to the outside world, the compatriots across the strait have increased mutual understanding through mutual contacts, family visits, tourism, academic exchanges, economic relations, trade, and investments. Although the Taiwan authorities set up barriers every step of the way to obstruct direct exchanges of mail, air, and shipping between the two shores, public opinion on the island is increasingly opposed to this and there is no doubt that direct links will eventually materialize.

However, on the occasion of the centenary of the signing of the Shimonoseki Treaty, out of ulterior motives, some "independence elements" on the island staged the so-called "Farewell to China" demonstrations on the streets of Taipei. Some people belonging to the independent faction of the Democratic Progressive Party took advantage of the opportunity to advocate such ideas as "Taiwan does not belong to China," "The sovereignty of Taiwan has yet to be decided," and "Taiwan should join the United Nations." The party also sent people to Japan to spread such preposterous, splitist statements as "Taiwan is Taiwan, China is China." Obsessed with such unscrupulous intentions, these people have lost all balance of judgment.

The problem is that, aside from the support of certain international forces, the "Taiwan independence" frenziedly advocated by this group of people also enjoys the tacit consent of the higher level. Many KMT figures in Taiwan vehemently denounced the mistakes of "Taiwan independence," bluntly pointing out that the "pinnacled peak" is a major black hand behind the "Taiwan independence," and exposing his general line as "overtly advocating reunification but covertly calling for independence, procrastinating in anticipation of changes, and overtly calling for independence should there be changes."

Some "Taiwan independence" elements also have noisily advocated "Taiwan awareness," popularized the "speak Taiwan language" campaign, and discussed Taiwan history with an aim to stir up Taiwan awareness and split the affection between the mainland and local people. They have even gone so far as saying that the cession of Taiwan as laid down in the Shimonoseki Treaty represents "a new beginning in the history of Taiwan's farewell to China." This is a typical statement of betrayal which all people should denounce.

The farce "Farewell to China" put up by the Taiwan independence elements should not be treated lightly. Although they have been sternly censured by public opinion in Taiwan, they "feel reassured and emboldened" because they are looked after and shielded by the Taiwan authorities and the "pinnacled peak." Naturally, their performance has "pleased" some Taiwan independence supporters in Japan.

However, viewed from the reverse side, the performers of "Farewell to China," as well as the independence faction of the Democratic Progressive Party, have sharpened the vigilance of all the descendants of the Yellow Emperor at home and abroad and enabled them to see clearly that there are indeed some people in Taiwan who are engaged in "independence" activities in an attempt to separate Taiwan from China's territory. Given the close relationship between Taiwan and the mainland in terms of geography, human relations, folk customs, and culture, cession of Taiwan is an out-and-out blind alley. The "Manchukuo" set up by Japan all by itself after the 19 September 1932 Incident was nothing more than a dependency and puppet of Japan. Being unpopular, it was certain that it eventually would end in destruction.

Today's China is no longer the perennially weak China of 100 or even 50 years ago. The great family of the Chinese nation will absolutely not allow a province or region to declare "independence." If a handful of people should want to bid "farewell to China" and engineer "Taiwan independence," they will not be sanctioned by the 1.2 billion compatriot nor will they be sanctioned by the 40 million Chinese nationals residing abroad or foreign nationals of Chinese origin. "One country, two systems" is precisely the best, feasible way for different systems between the two shores to get along with each other. Jiang Zemin's eight-point proposal has in fact opened a new way for the peaceful reunification of the two shores. The Taiwan authorities would be well advised not to play again such tricks as "farewell to China" which, by exposing their own weaknesses, is above all very harmful to themselves—is it worth it?

#### National Congress of Taiwan Compatriots Closes OW3005080095 Beijing XINHUA Domestic Service in Chinese 1356 GMT 23 May 95

[By reporter Zhu Zhide (2612 3112 1795)]

[FBIS Translated Text] Beijing, 23 May (XINHUA) — The Fifth National Congress of Taiwan Compatriots, which lasted five days, closed in Beijing today.

Zhang Kehui, who was re-elected president of the All-China Federation of Taiwan Compatriots, delivered a speech at the closing session. He said: Vice Premier Qian Qichen's opening session speech is a great encour-

agement for all congress deputies as well as for the vast numbers of Taiwan compatriots, and it will forcefully push forward work of Taiwan compatriots federations at all levels. In the current new situation, tasks of Taiwan compatriots federations at all levels are even more arduous. We will do our utmost to serve Taiwan compatriots on both sides of the strait and those living overseas, and will earnestly and truly make the All-China Federation of Taiwan Compatriots and federations at all levels homes to Taiwan compatriots to be worthy of the trust bestowed on us by our Taiwan compatriots.

During the congress session, deputies earnestly studied General Secretary Jiang Zemin's important speech made on the eve of this year's Spring Festival, seriously examined and approved the work report of the federation's fourth council, democratically elected the federation's fifth council and its leading body, exchanged the advanced experiences of Taiwan compatriots living on the mainland in supporting the motherland and their native place, and adopted a proposal that the Sixth National Congress of Taiwan Compatriots change the term of its council to five years. The congress was characterized by democracy, realism, unity, and motivation.

Wan Shaofen, deputy director of the CPC Central Committee United Front Work Department, and people in charge of relevant departments attended the closing ceremony.

#### Taiwan Offshore Navigational Center Welcomed OW2705134195 Beijing XINHUA Domestic Service in Chinese 1004 GMT 17 May 95

[FBIS Translated Text] Beijing, 17 May (XINHUA) — The Association for Relations Across the Taiwan Strait [ARATS] spokesman issued a statement today on Taiwan's implementation of the "Procedures for the Establishment and Operation of Offshore Transshipment Centers." The spokesman said: We have always actively advocated the early establishment of direct navigation links across the sea between the two sides of the Taiwan Strait to facilitate cross-strait economic exchange and trade and benefit the entire Chinese people. The "Procedures for the Establishment and Operation of Offshore Transshipment Centers" recently announced by the Taiwan authorities does not completely accord with the wishes for direct navigational links cherished by the people on both sides of the Taiwan Strait. We believe that cross-strait navigation should be direct, bidirectional, reciprocal, and mutually beneficial. At present, Taiwan allows shipping companies from both sides to engage in transshipment by flying flags of convenience. Compared with the past, this is progress. However, it is still incompatible with the growing economic cooperation and trade between the two sides. We hope to see

direct navigation between the two sides at an early date to fulfill the ardent expectations of the public on both sides of the strait.

The spokesman pointed out: Cross-strait navigation involves many economic, technological, and managerial issues. Shipping circles of the two sides need to exchange views in advance to establish essential rules for market operations and set up corresponding navigational security safeguard systems. We are ready at all times to exchange views with Taiwan's shipping circles on these issues. In short, we welcome every measure that is conducive to direct cross-strait navigation; promotes the establishment of direct postal, trade, and navigational ties; and advances cross-strait economic and trade cooperation and exchange.

#### Guangzhou Solves Taiwan-Funded Enterprises' Problems

OW2705152595 Beijing XINHUA in English  
1502 GMT 27 May 95

[FBIS Transcribed Text] Guangzhou, May 25 (XINHUA) — Senior officials from the Guangzhou city government held a discussion here today with businessmen from 40 Taiwan-funded enterprises in Guangzhou.

The discussion was aimed at solving problems of Taiwan-funded enterprises based in Guangzhou, said Chen Kaizhi, executive vice mayor of Guangzhou.

Guangzhou now has 816 Taiwan-funded enterprises, with a total contract investment of 1.36 billion U.S. dollars.

During today's discussion, Chen and some officials from the city government provided solutions to some problems encountered by the Taiwan-funded enterprises.

Chen said that he welcomes more Taiwanese businessmen to invest in Guangzhou and said that Guangzhou will create a better investment environment for businessmen from Taiwan.

#### Taiwan-Funded Center To Be Built in Jiangsu

OW3005081595 Beijing XINHUA in English  
0757 GMT 30 May 95

[FBIS Transcribed Text] Shanghai, May 30 (XINHUA) — A Taiwan-backed amusement center, the "Happiness Global Village", believed to be largest of its kind in

Asia, will be built on a lake in Suzhou area, in east China's Jiangsu Province.

The amusement village, which will cover an area of 25.3 hectares, will be a collection of the most famous scenic sites of different countries, and will have shopping, restaurants, accommodations, and architecture which is a blend of European, American, and Asian styles.

"Give me just one day, and I'll give you the whole world," said Fu Qinghua, the Taiwan investor.

The whole project will cost 1.5 billion yuan. At present, land requisition and the design work has been finished, and preparations for actual construction of the center have begun.

The design work was done by a Taiwan architectural firm and some well-known architects from Japan and Germany, who were invited to contribute to the design work.

Construction will formally start in September and will be completed by September of next year.

#### Beijing Hosts Student Science Exchange

OW2905141995 Beijing XINHUA in English  
1400 GMT 29 May 95

[FBIS Transcribed Text] Beijing, May 29 (XINHUA) — An exhibition featuring scientific works by middle- and primary-school students from both sides of the Taiwan Straits opened here today.

It is said to be the first of its kind ever sponsored by the two sides.

On display are 100 exhibits selected from scientific research findings or inventions achieved by middle- or primary-school students.

According to experts, Taiwan students put more effort into theoretical research work, while students on the Chinese mainland pay more attention to the practical application of science and technology.

Officials from the two sides agreed that the holding of the exhibition could create a good atmosphere for technology exchanges between the two sides.

The exhibition will be closed on June 3.

**Export System To Govern Nuclear, Military Items**

*OW0106094595 Taipei CNA in English  
0911 GMT 1 Jun 95*

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, June 1 (CNA) — Export of nearly 600 high-tech, nuclear and military products will be governed by a comprehensive strategic goods export control system which takes effect on July 1, the Ministry of Economic Affairs said Thursday.

Nine categories of industrial goods, including cutting-edge materials, materials processing know-how, telecommunications, electronics, computers and propulsion systems will be subject to the new export control measures, the officials elaborated.

Other checklists under the new export control practice cover six major nuclear and 26 major military items, including nuclear materials such as uranium, nuclear reactors, weapons, missiles and aviation equipment, they pointed out.

Domestic companies which want to know whether their products are regulated by the new export controls can ask the ministry's Industrial Technology Department, they said.

If the products are regulated, the firms must obtain IC-DV (import control - delivery verification) forms from importing countries before applying for export licenses for the sensitive products.

Government agencies issuing export licenses include the Board of Foreign Trade, the Export Processing Zone Administration and the Science-Based Industrial Park Administration, they added.

Domestic manufacturers will be given a grace period of one month to adjust to the new export control system, which is aimed at preventing Taiwan's strategic commodities or technologies from being shipped to off-limits countries or areas, including Iran, Iraq, Libya, North Korea and Mainland China, they noted.

Taiwan has also implemented a strategic goods import control system, known as IC-DV, since March 1994.

The officials explained that both the export and import control systems echo the spirit of the now-defunct Coordinating Committee for Multilateral Export Control (Cocom), which was initiated by the United States in 1949 to curb the sale of strategic weapons and technologies to communist countries.

Cocom, which helped maintain Western nations' military superiority and thus safeguard world peace, was disbanded in March 1994 in the wake of the disinte-

gration of the Soviet Union and the democratization of Eastern European countries.

**ICBM Test 'Will Have No Effect on Taiwan'**

*HK0106104195 Hong Kong AFP in English  
0959 GMT 1 Jun 95*

[FBIS Transcribed Text] Taipei, June 1 (AFP) — An intercontinental ballistic missile (ICBM) test launch earlier this week in China will have no effect on Taiwan, defence officials here said Thursday.

"We are worried more about their M-class missiles than the ICBM, since the former are short-range missiles which can hit Taiwan directly," a defense official who declined to be identified said.

He explained that the ICBM acts as a deterrent factor in political and economic relations outside the China-Taiwan front. For an attack on nearby Taiwan, short-range M-class missiles would be the most effective choice of weapon.

The official said that Taiwanese military intelligence detected China's test Monday on its newly developed ballistic missile, the Dongfeng (East Wind) 31 which can carry a 700-kilogram (1,540-pound) nuclear warhead.

Monday's test range was only about 2,000 kilometers (1,250 miles) but the missile has an 8,000-kilometer (5,000-mile) range and can be targeted on the western seaboard of the United States or continental Europe, the official said.

The missile, powered by three solid-fuel rockets, can also be launched from a mobile launcher, he said.

The officials said that the May 15 underground nuclear test and three previous tests last year were all related to China's modernisation of its strategic nuclear missile arsenal.

The successful development of the missile means that China can keep abreast of U.S. and Russia's nuclear developments, military officials said.

China owns the world's fifth largest number of strategic guided missiles, but has less than 50 long-range missiles, the most powerful of which is the long-range Dongfeng-5A with a range of 15,000 kilometers (9,370 miles), in central China.

**No Australian Invitation for Li To Visit**

*OW3105115995 Taipei CNA in English  
0938 GMT 31 May 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, May 31 (CNA) — The Ministry of Foreign Affairs has not received a

letter from the Australian National Press Club inviting President Li Teng-hui to speak at the club later this year, ministry officials said Tuesday [30 May].

Ministry officials, meanwhile, would not comment on Australian Foreign Minister Gareth Evans' statement Monday that the Australian Government will not grant visas to President Li or Premier Lien Chan of the Republic of China [ROC] to make unofficial visit to Canberra.

The Australian National Press Club reportedly invited President Li after Jason Hu, director-general of the Government Information Office, made a successful and impressive speech at the club last week.

Australia, an initiator of the Asia-Pacific Economic Cooperation (APEC) forum, switched its diplomatic recognition to Mainland China in 1972, but has maintained close trade and economic ties with Taiwan.

Taipei maintains business and cultural offices in Canberra, Sydney and Melbourne. Canberra also established the Australian Commerce and Industry Office in Taipei in 1981 to promote two-way trade, investment, cultural and tourism exchanges.

Despite the absence of formal ties, officials from Taiwan and Australia exchange visits frequently. The ROC Transportation and Communications Minister Liu Chao-shiuan, former Economic Affairs Minister Hsiao Wan-chang, and former Interior Minister Wu Poh-hsiung have visited Australia, while Australian Tourism Minister Michael Li and former Trade Minister Peter Cook have visited Taiwan.

Although Australia continues to uphold its "one China" policy, it has spared no effort to promote trade and business activities with Taiwan. It has also aggressively advertised for Taiwan students to seek advanced studies in Australia.

Ministry officials remain skeptical about the possibility of Canberra approving visits by top ROC leaders.

**Li Teng-hui Meets U.S. Congressional Delegation**  
OW0106022695 Taipei CNA in English  
0145 GMT 1 Jun 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 31 (CNA) — President Li Teng-hui on Wednesday [31 May] expressed appreciation to a U.S. congressional delegation for the past assistance the United States has extended to Taiwan.

Li, receiving a delegation that included U.S. Representatives Barbara Rose Collins, Maurice Hinchey, and Vic-

tor Frazer, also said of his upcoming U.S. visit, "It is not only a personal honor to be able to visit the U.S., it also represents U.S. recognition of the achievements of Taiwan's 21 million people in the cultural, political and economic fields."

Li will depart for the United States on June 7 to attend an alumni reunion at his alma mater, Cornell University, in Ithaca, New York, where he received a doctorate in agricultural economics in 1968.

He stressed to the group that one of the crucial factors behind Taiwan's continued reforms, which he said have been carried out peacefully, legally, and rationally, was that many of Taiwan's leaders have studied in the United States, "which gave them a chance to learn the American notion of democracy and freedom."

In return, Rep. Hinchey, (D.- N.Y.) said that on behalf of the mayor of Ithaca, he warmly welcomed Li for his Cornell visit.

Wu Poh-hsiung, secretary general to President Li, and Ting Mao-shih, National Security Council chairman, were also present at the meeting.

Later in the day, the U.S. delegation paid a visit to Premier Lien Chan.

In addition to pointing out Taiwan's economic and political achievements, Lien also made clear to the American visitors Taiwan's determination to rejoin the United Nations. In a bid to let the voice of Taiwan's 21 million people be heard in the international community, Lien said the government would not give up its fight for the nation's "rightful place" in the international organization.

For their part, the visiting Americans hailed Taiwan's leading role in political reforms in Asia, calling the reforms a major indicator of the political climate of the entire region.

**Joint Business Meeting With Canada To Open**  
OW2705091395 Taipei CNA in English  
0838 GMT 27 May 95

[By S.C. Chang & Benjamin Yeh]

[FBIS Transcribed Text] Ottawa, May 26 (CNA) — A two-day joint business conference between the Republic of China [ROC] and Canada is slated to open June 6 in South Andrews, New Brunswick and draw some 200 government officials and business leaders from the two countries.

ROC Finance Minister Lin Chen-kuo will deliver a keynote speech at the opening. Vice Communications

and Telecommunications Minister Mao Chih-kuo will also speak at a farewell dinner.

S.S. Cheng, chairman of the Canadian committee under the Chinese National Association of Industry and Commerce, will lead the ROC delegation, while Tom Appleton, president of the Canadian-Taiwan Business Association, will head the Canadian delegation.

Forty-three papers will be read in seven panel groups, with the discussions centering around the theme of "Match-Making '95: a Maritime Experience."

In addition to the host province, Newfoundland, Nova Scotia and Manitoba Provinces will also sponsor the annual event.

After the meeting, the ROC delegation will proceed to Nova Scotia, where they will visit industrial establishments. They are scheduled to conclude the visit on June 9.

#### **Science Council, Canadian Firm Sign Satellite Deal**

*OW3105112495 Taipei CNA in English  
1032 GMT 31 May 95*

[By by Y.C Tsai]

[FBIS Transcribed Text] Taipei, May 31 (CNA) — The National Science Council (NSC) on Wednesday [31 May] entered into a US\$4 million contract with Telesat Canada for systems engineering and technology service for Taiwan's first satellite, Rocsat-1, which is scheduled to be launched in 1998.

NSC Vice Chairman Hu Ching-piao and Lenard G. Stas, vice chairman of Telesat Canada, signed the contact on behalf of the two sides.

The contract will require the Canadian company to make technology and engineering evaluations for the satellite and send two senior specialists to work full-time at a location designated by the National Space Program Office (SPO), which is in charge of the satellite project.

The Rocsat-1, carrying a price tag of NT\$1.6 billion (U.S.\$62.5 million), is the first of a series of planned procurements for the development of Taiwan's space system capabilities. Under the U.S.\$500 million plan, Taiwan, plans to have three scientific and communications satellites in orbit by the year 2006.

#### **CNA on Promoting Ties With Czech Republic**

*OW3105113895 Taipei CNA in English  
0950 GMT 31 May 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, May 31 (CNA) — Government Information Office Director-General Jason

Hu visited the Czech Republic recently as part of the government's effort to promote substantive bilateral ties between Taiwan and the Czech Republic, sources from the Ministry of Foreign Affairs said Wednesday [31 May].

The Czech Economic and Cultural Office in Taipei Wednesday confirmed Hu's recent visit to the Czech Republic, saying that the Czech office and the Taipei office in Prague helped arrange the smooth and successful visit.

The Czech Republic is the only Eastern European nation to establish a representative office in Taipei after the ROC [Republic of China] liberalized trade and tourism with that part of the world in 1979.

According to ministry officials, ROC and Czech officials have exchanged visits frequently during the past several years despite the absence of formal diplomatic relations between the two countries.

Czech First Lady Mrs. Vaclav Havel has visited Taipei, along with the Czech economic affairs minister, and vice ministers of transportation, foreign trade and economic affairs. ROC Foreign Affairs Minister Chien Fu, Education Minister Kuo Wei-fan and other foreign and cultural ranking officials have also visited the Czech Republic.

The Czech Republic, with a well-established industrial and technological base, coupled with a booming economy and stable politics, is one of the major nations in eastern Europe that Taipei has targeted to expand bilateral ties.

Although the Czech Republic maintains no formal ties with the ROC, Czech representatives in the United Nations nevertheless spoke out in support of the ROC's bid to join the UN during last year's UN General Assembly, ministry officials said.

The Taiwan-Czech two-way trade totaled about US\$150 million last year, with the Czech Republic enjoying a trade surplus.

#### **EU Not To Open Taiwan Office in 'Near Future'**

*OW3105093195 Taipei CNA in English  
0902 GMT 31 May 95*

[By P.C. Tang and Sofia Wu]

[FBIS Transcribed Text] Brussels, May 30 (CNA) — The European Union (EU) has no intention to set up a representative office in Taiwan in the near future, Leon Brittan, vice chairman of the EU Executive Commission (EC), said Tuesday [30 May].

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Brittan made the statement in response to an inquiry from Willy de Clercq, chairman of the European Parliament's Committee on External Economic Relations, about reports that the EU will soon open a representative office in Taipei.

"Our position is that the EU does not intend to open an office in Taipei very soon. EU plans to open offices in some places, but Taipei is not on the list," Brittan said.

This was the first time Brittan has explicitly expressed the EU's position on the issue since he began his second term as EC vice chairman in charge of external relations in January.

Brittan further told De Clercq that EU negotiations with Taiwan on its entry to the World Trade Organization (WTO) have proceeded smoothly and are almost complete.

Noting that Taiwan and Mainland China are separate economic entities, Brittan said the EU would be pleased to see both of them become WTO members.

The European Parliament's committee on external economic relations is considering adding new elements to its newly-drafted Asia policy. Some members friendly toward Taiwan reportedly are pressing for inclusion of the opening of an EU office in Taipei into the 15-member bloc's new Asia policy.

Local political observers said Brittan's latest statement demonstrates that there are still some obstacles to upgrading Taiwan-EU relations at the moment. "The EU is not expected to consider opening an office in Taipei before Taiwan is admitted to WTO," he observed.

#### **Trade Deficit With Europe To Reach 'New High'**

*OW2705092195 Taipei CNA in English*

*0842 GMT 27 May 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 27 (CNA) — Taiwan posted a US\$3 billion trade deficit with Europe last year and the trade gap is expected to reach a new high this year, according to a government forecast.

The Board of Foreign Trade (BOFT) based its prediction on observations of Taiwan-Europe trade in the first four months of this year, during which two-way trade rose by a marked increase of 22.6 percent to US\$11.07 billion, but the trade imbalance also surged to US\$1.2 billion, a whopping growth of 62.7 percent over a year ago.

"The trade deficit is very likely to exceed the level recorded in 1994," BOFT said.

Europe was one of the major contributors to Taiwan's trade surplus until early 1993. Alarmed by the snow-

balling trade deficit, the government has launched activities to promote sales to that region, but the efforts have not paid off.

Taiwan's major export items to Europe are machinery and parts, integrated circuits, bicycles, and computers while the bulk of Taiwan's European imports are passenger cars and parts, aircraft, and semi-finished steel products.

#### **'Taipei' Used in European Representative Offices**

*OW3105025495 Taipei CNA in English*

*0148 GMT 31 May 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, May 30 (CNA) — All ROC representative offices in Europe now carry "Taipei" in their formal names after the full name of representative office in Paris was changed officially on Monday [31 May], according to the Ministry of Foreign Affairs.

The ROC office in France, formerly called the Association for the Promotion of Commercial and Tourist Exchanges with Taiwan, was renamed the Taipei Representative Office in France under the mutual consent of both sides.

Taipei maintains an embassy at the Vatican, which is the only European country that maintains diplomatic relations with the ROC, and has 20 representative offices around Europe.

The 20 Taipei offices include the Taipei Representative Office in England, the Taipei Mission in Sweden, the Taipei Cultural and Economic Delegation in Lausanne, Switzerland, as well as Taipei economic and cultural offices in Warsaw, Dublin, the Hague, Brussels, Madrid, Vienna, Prague, Copenhagen, Helsinki, Berlin, Bonn, Hamburg, Munich, Athens, Budapest, Rome, Luxembourg, Oslo and Lisbon.

A large number of European countries, including Britain and France, also have representative offices in Taipei in the wake of increasing bilateral business, trade, cultural and other exchanges.

The name change of the Taipei office in Paris indicates that France is attaching greater importance to Taiwan as relations and exchanges between the two countries continue to increase.

**Cabinet Approves Nuclear Accord With France**

*OW0106113695 Taipei CNA in English  
1003 GMT 1 Jun 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, June 1 (CNA) — The cabinet Thursday approved a Taiwan-France agreement on cooperation in the peaceful use of nuclear energy signed earlier this year.

Under the agreement, the two sides can exchange information and experience in nuclear energy research and related technological development on a reciprocal basis.

Cooperation fields include safety inspections and maintenance of unclear facilities, handling of major nuclear accidents, treatment of nuclear fuel, disposal of radioactive nuclear waste and pollution control measures at nuclear power plants according to the agreement.

More important, the signing of the agreement will enable France to legally sell nuclear power generation facilities to Taiwan. Without this accord, France cannot sell such equipment to Taiwan, according to current international regulations.

The agreement was signed indirectly by Taiwan and French authorities, with the United States and the International Atomic Energy Agency (IAEA) acting as go-betweens. The accord will remain valid for five years, and, if both sides agree, it can be extended for another five years after expiration.

Previously, Taiwan only signed such an agreement with the U.S., thus making the U.S. the only nuclear power generation equipment supplier to Taiwan for the past two decades.

From now on, France can sell nuclear power generation facilities to Taiwan. Local observers said this may have an immediate effect on the bidding for Taiwan's fourth nuclear power plant.

Two American firms — Westinghouse Electric Corp. and Asea Brown Boveri Combustion Engineering Inc. — took part in the first open tender for supplying nuclear reactors and other related facilities for Taiwan Power Co., a state-run enterprise. The bidding was later declared invalid because the prices offered by the two firms exceeded the Taipower-set floor prices by more than 20 percent.

Taipower will invite prospective suppliers to join the second bidding in June. Industry sources said France's Framatome will very likely join in the second bidding. In terms of prices and technological levels, the sources

said, Framatome is highly competitive and may have a good chance of winning the bid.

**Strategic Alliance Signed With Bayer Group**

*OW0106093095 Taipei CNA in English  
0841 GMT 1 Jun 95*

[By Lillian Lin and Sofia Wu]

[FBIS Transcribed Text] Bonn, June 1 (CNA) — ROC [Republic of China] Economic Affairs Minister P. K. Chiang signed a strategic alliance agreement with Bayer Group Chairman Manfred Schneider Thursday [1 June] at Bayer's head office in Lezerkusen near Cologne.

Speaking at the signing ceremony, Chiang said he hopes Bayer will increase investment in the Republic of China on Taiwan and form strategic alliances or joint-venture partnerships with Taiwan companies to help upgrade the ROC's technological level.

For his part, Schneider said Bayer plans to invest an additional NT [new Taiwan] \$8.9 billion (US\$349 million) in Taiwan to set up a plant to produce polyurethane-related materials.

"We plan to use Taiwan as our polyurethanes and related products manufacturing center in the Asia-Pacific to facilitate our penetration in that rapidly growing market," Schneider said.

Bayer, one of the world's leading chemical and pharmaceutical manufacturers, is the 24th big-name foreign business group to sign a strategic alliance agreement with the ROC's Economics Ministry.

Under such agreements, the ROC's Economics Ministry promises to help foreign conglomerates forge joint-venture or technological cooperative ties with Taiwan partners and assist them in launching new investment projects in Taiwan. The move is part of Taiwan's effort to entice multinational companies to use Taiwan as their regional operations headquarters and thus improve Taiwan's prospect of becoming an Asia-Pacific business hub.

Minister Chiang, heading a large trade mission, arrived in Cologne from Milan Thursday for a week-long visit.

Chiang is scheduled to meet with German Economic Affairs Minister Guenter Rexrodt and other German politicians Friday to discuss ways to further boost economic and technological cooperation between the two countries.

Chiang will then travel to Thuringen State in eastern Germany to meet with state government officials and several Taiwan-invested companies there.

**Chiang will cut the ribbon to open a Taiwan trade fair in Hamburg on June 6 and will deliver a keynote speech at the opening session of the 3rd Taiwan-Germany Economic Cooperation Conference.**

During his stay in Hamburg, Chiang will meet with senior economic officials from five northern German state governments to discuss possible cooperation projects. He will also exchange views with senior executives of Taiwan-owned companies in northern Germany before his departure for home on June 7.

Germany is Taiwan's largest trade partner in Europe. Two-way trade reached US\$8.03 billion in 1994, with Taiwan suffering a trade deficit of US\$1.53 billion, according to ROC Government statistics.

Taiwan imports from Germany rose 13.4 percent in 1994 as compared with the year-earlier level, while its exports to Germany declined 7.2 percent. Germany was a major source of Taiwan's US\$3.02 billion trade deficit with Europe last year.

Chiang said he hopes his visit will help boost Taiwan exports to Germany, particularly such high value-added products as machinery, electric engineering equipment and sporting goods.

According to statistics compiled by the ROC Representative Office in Germany, there are currently more than 200 Taiwan-invested firms in Germany. Most of the firms are engaged in trading and wholesaling. Only a few have opened production lines here.

**Official Views Closer Relations With India**

*OW2605113195 Taipei CNA in English  
0932 GMT 26 May 95*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 25 (CNA) — A high-ranking Taiwan trade official on Thursday [25 May] called on India to send ministerial-level officials to visit here and to sign an investment-guarantee agreement with Taiwan in order to enhance two-way trade and commercial ties.

At the Third Taiwan-India Joint Economic Cooperation Meeting sponsored by the Chinese National Association of Industry and Commerce (CNAIC) and its Indian counterpart, Chang Shun-an, deputy director of the Board of Foreign Trade, said the two countries should further strengthen economic exchanges, seeing how the bilateral relationship has improved noticeably in recent years after forty-years of almost nonexistent ties.

Taipei and New Delhi recently exchanged representative offices, which will play a significant role in fostering bi-

lateral ties in the absence of formal diplomatic relations between the two sides, he said.

According to the CNAIC, two-way trade between Taiwan and India reached US\$756 million in 1994, up 43 percent from 1993. Taiwan exports to India grew 63 percent to US\$345 million last year, while imports from the subcontinent increased 29 percent to US\$411 million, the CNAIC noted. It added that machinery, man-made fibers and plastics were the major Taiwan exports to India, while chemical products, cotton and steel formed the bulk of Indian imports.

As India is one of the major targets of the government's plan to expand business into south Asia, Chang expressed the hope that oil [words indistinct] investment and commercial activities can be increased.

Chang urged local businesses and industries not to ignore India, which he said provides one of the world's largest potential consumer markets as well as abundant resources.

**Economic Minister at Computer Center Opening**

*OW2605113095 Taipei CNA in English  
0917 GMT 26 May 95*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 25 (CNA) — The Taiwan-Japan Information Product Testing Center officially opened on Thursday [25 May], according to the Taipei Computer Association.

The testing center, which is fully financed by the Industrial Development Bureau under the Ministry of Economic Affairs and the association, was established with an aim to help local computer makers further elbow their way into the Japanese market, association officials said.

Economic Affairs Minister P. K. Chiang, who presided over the opening ceremony, hailed the continued "brilliant" performance by Taiwan computer makers on the Japanese market.

Taiwan information product exports to Japan hit US\$800 million last year, a whopping increase of 240 percent from 1993, Chiang pointed out, predicting that exports will rise to US\$1.5 billion this year.

The establishment of the testing center will help local computer makers overcome many technical barriers resulting from the differing computer specifications in Taiwan and Japan, thus further improving the quality of Taiwan's exports of information products to that country, Taipei Computer Association Chairman C. S. Ho said.

So far, 13 leading Taiwan computer firms, such as Acer, Microtek, Mitac, as well as 11 foreign brands, including NEC and Epson, have donated equipment and funds to the testing center, paving the way for initial operations, Ho noted. The Industrial Development Bureau will also earmark NT\$2.5 million (about US\$100,000) to finance the center, according to Chiang.

Also on Thursday, the Taiwan-Japan Information Product Testing Center and Japan's SSCT [expansion unknown] Testing Center signed an agreement to enter into a sisterhood relationship, which Taipei Computer Association officials said will help boost bilateral technical exchanges and communications.

The SSCT, comprised of more than 30 Japanese enterprises, including computer firms, banks and local city governments, is one of Japan's major computer testing centers, according to association officials.

#### **High Yen Boosts Textile Trade Surplus With Japan**

*OW3005100995 Taipei CNA in English  
0902 GMT 30 May 95*

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, May 30 (CNA) — Taiwan posted its first-ever favorable balance in textile trade with Japan in the first two months of this year, the Taiwan Textile Federation (TTF) said Tuesday [30 May].

Federation officials pointed out that the two-month textile trade surplus with Japan totaled US\$10 million, reversing a losing trend.

The textile trade imbalance between the two countries hit US\$138 million in 1993 and dropped to US\$39 million in 1994 due mainly to the substantial appreciation of the Japanese yen, the officials noted.

The yen's high value makes Japan's textile products more expensive and less competitive abroad, they explained.

Citing Japanese statistics, they said that Taiwan's long staple yarn and short staple yarn accounted for a respective 54 percent and 23 percent of Japan's total textile imports between January and February.

Japan's major textile suppliers in Asia include Mainland China, South Korea, Taiwan, Pakistan and Indonesia. Japan also imports textiles from the United States, Italy and Germany, they added.

#### **Recognition Pact Signed With Papua New Guinea**

*OW2705031895 Taipei CNA in English  
0150 GMT 27 May 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 26 (CNA) — The Republic of China [ROC] and Papua New Guinea on Monday [22 May] signed a joint communique recognizing each other, the Ministry of Foreign Affairs announced Friday.

"With a view to strengthening the bilateral friendship and cooperative ties, the governments of the Republic of China and Papua New Guinea announce hereby that in accordance with international laws, the two countries recognize each other regarding the economic, trade, technology and international-cooperation fronts," the communique reads.

Foreign Affairs Minister Chien Fu inked the communique on behalf of the ROC, while Papua New Guinea was represented by Vice Premier Chris Haiveta.

Papua New Guinea, which maintains official diplomatic links with Beijing, is the second country that has forged such ties with Taiwan after Vanuatu.

The two countries in 1988 signed a memorandum on the establishment of a relationship, under which they exchanged official trade missions in each other's capital.

Vice Foreign Affairs Minister Fang Chin-yen refused to deem the communique a breakthrough in his ministry's efforts to promote foreign ties on grounds that "recognizing each other is not the equivalent of establishing official diplomatic ties."

The joint communique was announced at a low-key ceremony, which Fang said was done out of deference for the delicate ties between Taiwan and Mainland China. Fang did, however, urge Beijing to face the historical reality of a divided China.

The announcement came five days after the Clinton administration said it would allow ROC President Li Teng-hui to deliver a speech at his alma mater, Cornell University, in June. Beijing has warned of the serious consequences Li's visit may bring to mainland-U.S. ties.

Papua New Guinea, with an area of 462,000 square kilometers and a population of 3.7 million, is the largest island country in the south Pacific region. The country, which became independent in 1975, is rich in natural resources, including copper, silver, gold, and crude oil.

At present, the ROC maintains official diplomatic ties with four countries in the south Pacific — Tonga, Nauru, Tuvalu and the Solomon Islands.

**'No Plans' for Relations With Papua New Guinea***OW0106022595 Taipei CNA in English**0129 GMT 1 Jun 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 31 (CNA) — A Foreign Affairs Ministry official on Wednesday [31 May] denied a foreign newspaper report that the Republic of China [ROC] and Papua New Guinea [PNG] will set up full diplomatic relations later this year.

"The ROC Government has no plans to establish full diplomatic ties with Papua New Guinea," the official said on condition of anonymity.

Papua New Guinea, which maintains diplomatic ties with Beijing, signed a joint communique with Taipei on May 22 agreeing to recognize the ROC without setting up full diplomatic ties, which made it the second country to enter into such a relationship with the ROC after Vanuatu.

The official said that relationship would remain unchanged even though bilateral ties have moved forward. Under the relationship, the ROC and Papua New Guinea maintain representative offices in each other's country, but have not exchanged ambassadors.

The SYDNEY MORNING HERALD Wednesday quoted a spokesman for Papua New Guinea's prime minister, Sir Julius Chan, as saying that the country could move to full diplomatic recognition of Taiwan later this year.

Papua New Guinea has had diplomatic ties with Mainland China since 1976. However, in recent years it has received trade missions from Taiwan, the daily said.

The daily said Beijing has expended great diplomatic efforts trying to blunt Taiwan's overture to Port Moresby. Taiwan's achievement of political recognition, with the prospect of full diplomatic ties, is certain to cause consternation in Beijing, the daily added.

**Taipei To Train Philippine 'Sci-Tech' Personnel***OW3005052895 Taipei CNA in English**0156 GMT 30 May 95*

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, May 29 (CNA) — Despite the Philippines' decision to deprive Taiwan fishing boats of a sea lane, the National Science Council (NSC) said Monday that the council would go ahead with its plan to help train Philippine sci-tech personnel.

Council officials made the statement following a meeting between NSC Chairman Kuo Nan-hung and Philip-

pine Science Minister William G. Padolina on sci-tech exchanges between the two countries.

Padolina arrived in Taipei on Monday for a four-day visit, during which he will tour the precision instrument development center and other national laboratories as well as the Hsinchu science-based industrial park.

Hsiao Kuan-hsiu, director of the NSC's International Cooperation Department, pointed out that the training program — covering precision instruments, information and satellite communications — will begin in September, with the NSC responsible for all expenses for the program, including boarding and transportation.

In addition to the Philippines, trainees will also come from Indonesia, Malaysia and other developing Asian countries, Hsiao said.

**Satellite Cooperation Pact Near With Singapore***OW0106023495 Taipei CNA in English**0113 GMT 1 Jun 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 31 (CNA) — The Republic of China [ROC] and Singapore are close to forging a 50-50 joint venture for a satellite-cooperation program, Transportation and Communications Minister Liu Chao-shiuan said Wednesday [31 May].

"The agreement could be signed in a month or two," Liu said upon his return from Seoul, where he attended a ministerial-level meeting sponsored by the Asia-Pacific Economic Cooperation forum (APEC) on Monday and Tuesday. Liu said he discussed the program with his Singaporean counterpart while there.

The program would cost an estimated U.S.\$205 million, including the cost of building a satellite and ground-control station, launching the satellite, and insurance.

Speaking of the APEC meeting, Liu said the participants spent much of the time pondering how to develop an information infrastructure in the Asia-Pacific — a goal set at the APEC summit in Bogor, Indonesia, late last year.

Liu said he briefed the participants on the progress and future course of Taiwan's telecommunications-development plans.

Besides the ministerial meeting, Liu also held bilateral talks with his counterparts from Canada, the United States, Australia, Mexico and Singapore on a wide range of topics, including the privatization of telecommunications and transportation industries.

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It was also agreed at the meeting that Taiwan will host the 14th meeting of the APEC telecommunications working group in September, 1996.

APEC groups Australia, Brunei, Canada, Chile, Mainland China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand, and the United States.

### Taipei, Bangkok Sign Tourism Agreement

OW3005120495 Taipei CNA in English  
0937 GMT 30 May 95

[By F.C. Kuo and Lilian Wu]

[FBIS Transcribed Text] Bangkok, May 30 (CNA) — Taiwan tourists will enjoy higher-quality holidays in Thailand since tourism officials from the two nations signed an agreement to better the interests of Taiwan tourists Monday [29 May].

Tou Tsung-hua, director of the Taiwan Tourism Bureau's International Division, and Seri Wangphaichit, governor for planning and development of Tourism, Authority of Thailand, signed the agreement on behalf of their respective governments.

Under the agreement, Thailand will consider lifting visa requirements for Taiwan tourists and will also study the possibility of setting up a Thai trade and economic office in Kaohsiung to ease visa procedures for tourists there from southern Taiwan.

Taiwan tourists will also be given information about tourism facilities, prices and activities in Thailand before traveling to the nation. In addition, Thai tourism officials and Thailand's trade and economic office in Taipei will field complaints or criticism from Taiwan tourists.

Both sides agreed that Thai authorities will vigorously implement tourist guidelines and regulations which took effect in 1992. Contracts signed between travel agencies of the two nations should state clearly the details of the trip, including the proposed schedule, accommodation and transportation in the interest of the safety of the tourists.

Taiwan and Thailand officials also agreed to require Taiwan travel agencies to select legitimate Thai travel agencies and licensed Thai tourist guides, and classify the quality of a trip according to its content and price offered by travel agencies.

Thailand tourism authorities will also set up official and private groups to monitor the quality of tourism and hold regular consultations with their Taiwan counterparts to promote bilateral tourism.

The 13-member Taiwan tourism delegation arrived in Bangkok Sunday at the invitation of the Thai Government. P. Narong [spelling of name as received], director of the Thailand Tourism Division in Taipei, accompanied the delegation on the trip.

During the meeting with Thai tourism officials, Tou expressed concern for the 13 Taiwan tourists who were robbed and killed by Thai policemen two years ago and urged Thai authorities to complete prosecution of the criminals soon.

Tou said that after the meeting, both sides expressed the determination to crack down on illegal travel agencies.

Pradech Phayakvichien [spelling of name as received], deputy governor for planning and development of tourism, urged Taiwan tourists to call a special emergency hot line if they need assistance.

Phayakvichien stressed that under current Thai law, illegal travel agents face imprisonment and revocation of their licenses. He urged Taiwan tourists to come forward and file their complaints so that Thai tourism officials can begin legal proceedings.

Tou and his delegation will return to Taiwan Tuesday.

### Li Points to Greater International Role

OW3105034095 Taipei CNA in English  
0139 GMT 31 May 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, May 30 (CNA) — President Li Teng-hui said Tuesday [30 May] that international relations should not be confined to operations within international laws or institutions, but that how a nation substantively contributes to the international community is what should matter.

Receiving world representatives on the final day of the first Asia-Pacific regional meeting of the International Law Association at the presidential office, Li said the Republic of China [ROC]'s existence can no longer be ignored by the world community, given its successful economic development and political evolution.

Li said the so-called "Taiwan experience," has provided a new direction in thinking for Asia-Pacific nations.

He said creating the "Taiwan experience" cost wisdom, blood and threats to the national livelihood, and was not, as sometimes mistakenly thought by the world, easily achieved. The most worthy part of the "Taiwan experience" was the process, rather than the result, he said.

Li also lauded what the 150 international law experts from around the world had achieved at the three-day

meeting, saying their opinions would greatly contribute to regional cooperation and development. Discussions were held on environmental protection, investment and trade, and intellectual property rights.

The London-based international nongovernmental organization holds its general meeting every two years and began to hold regional meetings three years ago. The ROC chapter was established in 1961.

Participants to the meeting were from Australia, Brazil, Belgium, Chile, El Salvador, Egypt, Fiji, Guatemala, India, Indonesia, Japan, Jordan, South Korea, Malaysia, New Zealand, and the host Republic of China.

#### **Lien Chan Optimistic About Cross-Strait Ties**

*OW0106031095 Taipei CNA in English  
0134 GMT 1 Jun 95*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 31 (CNA) — The Republic of China [ROC] government is optimistic about future cross-strait ties and the possibility of national reunification, Premier Lien Chan said on Wednesday during a meeting with a nine-member European parliamentary delegation.

The European Parliament-Taiwan Friendly Group, led by Chairwoman Viviane Reding, arrived in Taipei on Tuesday [30 May] for a four-day visit. Group members include parliamentarians from Britain, Denmark, Germany, the Netherlands, Ireland and Portugal.

In addition to giving thanks to the group for its support of the ROC in the international community, Lien also expressed the hope that the visiting EP members could introduce Taiwan's developmental experience, especially in democratization, to their constituents back home.

While stressing that both Taiwan and Mainland China must create a mutually trustful relationship before national reunification is achieved, Lien told the EP delegation that the ROC government is optimistic about future cross-strait relations and hopes for a peaceful transfer of power in the mainland, which he said will be a critical factor in securing continued worldwide and regional stability and prosperity.

#### **Mainland Urged To Stop Pressure**

*OW0106115395 Taipei CNA in English  
0940 GMT 1 Jun 95*

[By Victor Lai and Y.C. Tsai]

[FBIS Transcribed Text] Tokyo, May 31 (CNA) — A lawmaker from Taiwan's ruling Kuomintang [KMT] said here Wednesday that Mainland China should stop

pressing the Republic of China [ROC] in the international community, otherwise the Taiwan independence movement will be strengthened.

The KMT-ruled ROC Government, which moved from the mainland to Taiwan in 1949, sticks to the policy of China's eventual unification, while the major opposition Democratic Progressive Party (DPP) advocates an independent Taiwan.

Wei Yung, convener of the Legislative Yuan's Foreign Affairs Committee, made the remarks at a three-day symposium which opened in Tokyo Wednesday.

About 20 experts and academics from the United States, Japan, South Korea, Russia, Taiwan, Mainland China and Indonesia were invited to the "Tokyo New Order" forum.

Wei read a paper on prospects for cross-Taiwan Strait relations on the first day of the symposium, which was jointly sponsored by the Tokyo-based YOMIURI SHIMBUN and George Washington University of the United States.

Cross-Strait ties will not substantially improve until after the mainland understands Taiwan citizens' fervent desire for the expansion of external relations and makes some policy adjustments toward Taiwan, Wei pointed out.

To avoid the spread of Taiwan independence and separatism, Beijing must give up or at least reduce its schemes to block Taipei's efforts in maintaining and expanding its friendly relationship with foreign countries, he elaborated.

Expressing regret at the mainland's interference in a bid for the 2002 Asian Games by Kaohsiung, a southern Taiwan port city, the scholar-turned legislator noted that once Taiwan is prevented from participating in world affairs, the call for Taiwan independence will grow.

The relationship between Taiwan and the mainland has entered a "sensitive" and "high tension" stage, he said, adding that whether president Li Teng-hui's forthcoming visit to the United States will have any impact on the relationship remains to be seen.

President Li is scheduled to leave Taiwan June 7 for a private visit to his alma mater, Cornell University, in Ithaca, New York.

During his stay in Japan, Wei will also meet with some Japanese Dietmen and academicians to exchange views on East Asian affairs and the China problem.

## TAIWAN

**Mainland Trade Official To Visit Taipei**

*OW0106111795 Taipei CNA in English  
1001 GMT 1 Jun 95*

[By Liian Wu]

[FBIS Transcribed Text] Taipei, June 1 (CNA) — The head of a Mainland China's major trade promotion organization will visit Taiwan next week, the China External Trade Development Council (Cetra) said Thursday.

Zhang Hongye, chairman of Beijing's China Council for the Promotion of International Trade, will leave other mainland officials for a week-long visit to Taiwan, Cetra said.

Zhang, 66, will be the first major trade body chief to visit Taiwan. Although he will retire from his post in June, he remains active in other jobs.

He is concurrently a member of the Chinese People's Political Consultative Conference, chairman of the China Maritime Arbitration Commission and adviser to the Association for Relations Across the Taiwan Strait, an intermediary body set up by Beijing to handle civilian exchanges between the two sides of the Taiwan Strait.

Business leaders said that China Council for the Promotion of International Trade has played an important role in trade exchanges between the two sides and they are happy to have Zhang to come here for face-to-face talks.

**\*Opposition Godfather' Peng Ming-min Profiled**

*95CM0251B Taipei TZULI WANPAO in Chinese  
5 Mar 95 p 2*

[Article by reporter Kang I-lun (1660 0181 0243): "Peng Ming-min in Limelight of Presidential Election"]

[FBIS Translated Text] Peng Ming-min, once the head of the National Taiwan University political science department, decided to take an oath to join the Democratic Progressive Party on 28 February this year. Once again he has put himself in the limelight. He collects all records of Beethoven's works, loves dogs, and studies yoga by himself. He was a member of the first group of the 10 Outstanding Youths received by Chiang Kai-shek himself. However, he was sentenced to jail later because in 1964 he had issued a "Declaration for Taiwanese to Rescue Themselves." Later, he was released from jail because of a special amnesty from Chiang Kai-shek.

Peng Ming-min, once the head of the National Taiwan University political science department, who joined his students in issuing the "Declaration for Taiwanese to Rescue Themselves," is regarded by both students or comrades of the opposition movement as a principled person without any bureaucratic characteristics. Some

people regard him as an extreme idealist. He is a principled person. Therefore, he is willing to join students in working out the "Declaration for Taiwanese to Rescue Themselves," even given the awful environment at that time and even with his fine background, qualifications, and good relations with the Kuomintang [KMT] and government. He is an extreme idealist, therefore, he put forward a proposal to "abolish the province" when the Democratic Progressive Party had already decided to participate in the election for the provincial governor. This is precisely why his decision to give up his position as a nonparty member supervisor and join the Democratic Progressive Party prior to the party's nomination of a presidential candidate has touched off so much speculation and conjecture.

Peng Ming-min, who has showed high intelligence since childhood was born in Tachia, Taichung in 1923. He studied in various top-rated schools and universities including the Kaohsiung Middle School, the Third Senior High School in Japan, Tokyo Imperial University, National Taiwan University, and the University of Paris. He started his teaching career at National Taiwan University in 1954. After three years he was promoted to full professor at the age of 34. He was the youngest professor in Taiwan. Later, he became the head of the political science department and the director of the research institute in political affairs.

Besides his achievements in political science, Peng Ming-min is also a well-known expert on international aviation law. From political science to law, why did he choose to study the international aviation law? According to incumbent legislator Roger Hsieh, who once joined Peng Ming-min in announcing the aforementioned declaration, Peng was studying in Japan during World War II. When he was traveling from Tokyo to Nagasaki to look for his elder brother, he lost an arm during an air raid. Since then, he began to study international aviation law and became an expert on this subject. His works are regarded as a required teaching material for students who study international aviation law.

Prior to 1964, Peng Ming-min was advisor to the government delegation to the United Nations, a representative to the Yangmingshan Meeting and a member of the first group of Ten Outstanding Youth. At that time, he was a young elite whom the party and government sedulously tried to cultivate and nourish. His political future would have been unlimited if not for the "Declaration for Taiwanese to Rescue Themselves," which has made him the number one enemy of the KMT.

However, the contradiction between Peng Ming-min and the KMT government did not begin with the aforementioned declaration. As early as when Peng was

an advisor to the government delegation to the United Nations, the Ministry of Foreign Affairs prepared an article on relations between Taiwan and the Chinese Government. It asked Peng Ming-min to publish it with his name, but Peng refused to do so. Thus, the KMT government which was still active on the international arena under the name of the "Chinese Government" undoubtedly lost its best chance to announce to the world that "Taiwan belongs to China."

Given relentless blows by the ruling KMT because of his "Declaration for Taiwanese to Rescue Themselves," Peng Ming-min had to flee Taiwan. Since then, he experienced a major setback in his life. All the praise heaped on him suddenly vanished. There was a great deal of talk about his life in exile.

With regard to all the charges against Peng Ming-min, his friends and comrades of the opposition movement said that "a person in a high position is liable to be attacked." They believed that Peng was a sincere, courteous, and principled person. His actions were similar to those of a Japanese. All the accusations against him were not objective.

When Peng Ming-min was the head of FAPA [Formosan Association for Public Affairs], he was criticized for improper accounting procedures. In this connection, Yang Huang Mei-hsing, who had worked with Peng Ming-min since 1984 and was a FAPA deputy head and director of the Foreign Affairs Department of the Democratic Progressive Party, said that Peng Ming-min's family is rich. When Peng was overseas, his family sent him money regularly. It was impossible for him to become greedy for a small amount of money in the organization. Peng Ming-min is a responsible and highly efficient person. His speeches and articles are brief, forceful, and right to the point, she pointed out.

Peng Ming-min himself also said that it is sad when Taiwanese organizations attack each other. He said: "All organizations including political ones are just means and tools to turn ideals into reality.... When an organization exists, it tries to work hard for its existence, not for any ideal."

Since his return to Taiwan, Peng Ming-min has always been regarded as a strong presidential candidate. Since officially joining the Democratic Progressive Party on 28 February, he has found himself in the limelight. Many of his students are leaders in the academic field and political arena, and his relations with the ruling KMT and the Democratic Progressive Party are good. However, in face of the strongholds of the various factions in the Democratic Progressive Party, whether or not he can still win the firm support from all these factions remains uncertain.

Among those factions within the Democratic Progressive Party, with the exception of the Formosa faction, party Chairman Shih Ming-te not only invited Peng Ming-min to join the party, but also attended the news conference and the 28 February oath-taking meeting in person. His remark about "respect for the old and persons of virtue" suggests that he regards Peng Ming-min as an important person around whom all factions in the party other than the Formosan Faction should rally.

All the factions within the Democratic Progressive Party—the Formosa faction, the New Tide faction, the welfare state faction, the Justice Alliance faction and the Taiwan Independence Alliance faction—have their own views on the presidential candidate. Hsu Hsin-liang from the Formosa faction has expressed his intention to run for president. Members of the New Tide faction depend on Lin I-hsiung's attitude. Whether or not they share the same ideal is also a question. Members of the welfare state faction have tended to become unyielding and inflexible, but they have different views on whether or not they will give full support to Peng. The Justice Alliance likes to recommend "Lu Hsiu-lien" as a vice presidential candidate. In the "Taiwan Independence Alliance," whether or not Chairman Chang Tsan-hung can persuade all its members to support Peng Ming-min is another question, although he has repeatedly said that he has nothing against Peng. As for the forerunner of the democratic movement, Peng Ming-min, who "dares to face all challenges," has to face the first challenge given him by the various factions within the Democratic Progressive Party in seeking the party's nomination for the presidential election.

On his professor's intention to run for presidency, Roger Hsieh pointed out that if Peng Ming-min runs for president on behalf of the Democratic Progressive Party, Peng may possibly find himself in the same predicament as Chen Ding-nan in the gubernatorial election. Hsieh pointed out that after Peng Ming-min put forward his proposal to "abolish the province" last year, many people within the Democratic Progressive Party cut ties with him. Right now, there are many factions within the party. It will be difficult for Peng to obtain unanimous support. Nevertheless, Roger Hsieh optimistically said that there are so many people in the party who seek the party's nomination for the presidential election, it is possible that Peng will be nominated to run for president, because "he does not belong to any faction."

In addition to the clamor within the party to encourage Peng Ming-min to run for president, persons without party affiliation, such as presidential advisor Kao Yu-shu, also personally encouraged Peng to seek the nomination for presidential election in a gathering held last year. However, whether or not people without

party affiliation will support Peng Ming-min after he has joined the Democratic Progressive Party remains a question. But many of those who had ties with Taiwan Independence activities in early days do back Peng, including Chiu Yung-han, who said in Japan two years ago that he would fully support Peng Ming-min if he chose to step forward to do something.

Peng Ming-min was away from Taiwan for nearly 30 years. He came back at a time when political change was taking place in the country. He did not give people in Taiwan a chance to regard him as a stranger. On the issue of a China complex separating ruling circles and the people in Taiwan, he pointed out the difference between "cultural identification" and "political identification." He believes that Taiwan should apply for UN membership every year to create a situation in which "the issue of Taiwan will crop up whenever the 'United Nations' convenes a session." He has received the "Kuo Yu-Hsin Award" and the "Prize of Special Honor" issued by the Wang Kuei-Jung Tai-Mei Foundation. Wang Kuei-jung himself also joined the Democratic Progressive Party on 28 February together with Peng Ming-min.

As a forerunner of the democratic movement, Peng Ming-min also heaped criticism on the Democratic Progressive Party via the media on several occasions. At the sensitive moment of the presidential election, many members of the Democratic Progressive Party consider Peng's actions unacceptable. Particularly Peng's saying that "the Democratic Progressive Party is now at a low ebb" makes many people "catch cold."

When Peng Ming-min shook off the surveillance of Taiwan's intelligence unit and fled to Sweden on 16 February 1970, he was interviewed by the NEWSWEEK magazine. He proudly said: "Only let me give free speeches for one mouth in Taiwan, and the KMT regime would collapse!" Perhaps this could be just a bold remark he made, when he was infuriated at that time, but we can more and less see his confidence. However, times have changed. How Peng Ming-min, who is only one year younger than Li Teng-hui, can clearly set himself apart himself from Li and convince young people and women to choose him is what the Democratic Progressive Party and this forerunner of the opposition movement should deeply think about.

#### \*KMT Links With Cultural Foundations Viewed

95CM0251A Taipei TZULI WANPAO in Chinese  
25 Mar 95 p 3

[Article by reporter Chen Suqiu (7115 4790 4428): "Influence of Foundations Not To Be Neglected, One

Foundation for Each Kuomintang Heavyweight—Heat on in Presidential Election?"]

[FBIS Translated Text] Since the establishment of the "Wang Yang-Ming Cultural and Education Foundation" by Kuomintang [KMT] Vice Chairman Hao Po-tsun, nearly every Kuomintang heavyweight has become a board director of a foundation. These foundations discuss public affairs policies, give publicity to filial piety, or propagate culture, while others carry out activities and set up branches all over Taiwan. Still others maintain close ties with religious circles which affect the people at the grass-roots level most.

These heavyweights may possibly be KMT presidential or vice presidential candidates in the future. What merits attention is how much these foundations will affect the presidential election.

Besides KMT Chairman Li Teng-hui, there are four KMT vice chairmen. Among them, Hao Po-tsun will soon become board director of the "Wang Yang-Ming Foundation"; Lin Yang-Kang has already become board director of both the "Virtue and Peace Cultural and Education Foundation" and the "Hsia Hsu-Ying Cultural and Education Foundation." When the Control Yuan investigated Lien Chan's current posts, Lien was concurrently holding the post as board director of the "Lin Hsiung-Cheng Scholarship Foundation."

Among the 31 members of the KMT Central Standing Committee, Li Huan, a Yuan president himself, is now the board director of the "Pacific Cultural Foundation," and Chiu Chuang-huan has established the "Cultural and Education Foundation for Propagation of Social Ethics" with his own money. Kao Yu-jen, head of the provincial national assembly for several years, finances the "21st Century Foundation." In fact, all the aforementioned responsible persons of the various foundations may be nominated by the KMT or launch campaigns on their own as presidential or vice presidential candidates. Lin Yang-kang and Chiu Chuang-huan are KMT members who have clearly expressed their intention to run for president. Their foundations are also established under their strong personal guidance. Both of them attach importance to giving publicity to society's bright side. What attracts attention is the fact that although Chiu Chuang-huan's "Cultural and Education Foundation for Propagation of Social Ethics" was established not long ago, it has already set up two branches to maintain close ties with the religious circles.

The "Virtue and Peace Cultural and Education Foundation" was established with Lin Yang-kang's contribution of NT\$10 million [new Taiwan dollars]. Right now, all the activities of the foundation are maintained with proceeds from this contribution and donations from

some entrepreneurs. Some people who regard this foundation as a source to prepare for Lin Yang-kang's election campaign are worried about lack of donations to it despite Lin's fame. At one time, it was rumored that Lin's foundation had a "financial crisis." However, Lin flatly denied this.

Lin Yang-kang said the foundation has nothing to do with elections. Every cent of the foundation will be used for the purpose for which the foundation is established. In fact, many people have expressed their willingness to offer generous donations since the foundation was established, he added. However, he politely refused to accept the offers, because the foundation was established not long ago and many plans have just started to develop. Lin Yang-kang said: "The foundation is not aimed at collecting wealth illegally. Why should there be any financial crisis?"

Not long ago, the "Virtue and Peace" and "Hsia Hsuying" cultural and education foundations sponsored various speech sessions in which Lin Yang-kang had many opportunities to maintain direct contacts with the people. At each session, many people were impressed by Lin's charisma at the grass-roots level. Many of those who attended these sessions admit that Lin Yang-kang certainly will have no lack of votes in the election.

The main donator of the "Hsia Hsuying Cultural and Education Foundation" which was not sponsored and established by Lin Yang-kang is the Tatung Furniture Group. Although this group may give full support to Lin Yang-kang, at least we can see that Lin Yang-kang also has many friends in various enterprises in the private sector.

Chiu Chuang-huan's foundation was also established with a personal contribution of NT\$10 million from Chiu himself. It has carried out a large number of activities this year to mainly promote filial piety and combat drug abuse. The foundation has set up two branches in Taipei and Taitung counties. The responsible persons for these two branches were the head of the Temple Administrative Commission in Taipei County and the postmaster in Taitung County. Because religious circles have gone into the midst of the common people, the branches will work hard to strengthen ties with these religious circles in the future, said a representative of the foundation. Chiu Chuang-huan's foundation apparently attaches importance to going down to the grass roots.

The Pacific Cultural Foundation with Li Huan as its board director has a much longer history and relatively better financial status. Right now, it has funds as much as NT\$50 million. Cang Yu-sheng, executive director of the Pacific Cultural Foundation, is a member of

the KMT Central Committee. In the party, he does not seem to belong to the "main stream." However, this foundation mainly carries out cultural activities and shows little interest in politics. Therefore, it is quite popular in the cultural field. Kao Yu-jen's "21st Century Foundation" is mainly interested in discussing public affairs policies. It acts as a bridge between Kao and many scholars. In practice, a number of policy discussions held and statistics compiled by the foundation may also help prepare public opinion for some specific subjects. Contributors to the foundation include Kao Yu-jen and a number of scholars and entrepreneurs.

Worthy of mention is the fact that right now both Lin Yang-kang and Chiu Chuang-huan are still living in rented houses. However, prior to their retirement, they had happily taken out their savings to establish foundations to promote social ethics and culture. It does not matter whether the activities of these foundations are able to attract more voters for them in the election. Their determination to set up these foundations should be regarded as positive.

Although Lien Chan is nominally the board director of the "Lin Hsiung-cheng Scholarship Foundation," he is rarely involved in various activities of the foundation.

#### **Military May Cancel 8th Perry-Class Frigate**

*OW3005121395 Taipei CHUNG-KUO SHIH-PAO  
in Chinese 21 May 95 p 3*

[FBIS Translated Text] According to a reliable military source, the General Staff Headquarters [GSH] is evaluating the feasibility of reducing the Navy's "Kuang Hua No. 1" Project by canceling production of the eighth Perry-class frigate, "Tien Tan," for budgetary reasons. Earlier, the Navy canceled its purchase of a U.S. combat system for the eighth frigate and other projects related to the construction of another six Perry-class frigates.

According to the source, the GSH will decide whether or not to build the eighth frigate based on the military's budget. Judging from the current situation, the military may not have the funds to build the eighth frigate. High-ranking GSH and Navy General Headquarters officers are not optimistic about the eighth frigate's production.

In its "Kuang Hua No. 1" Project, the Navy plans to have eight Perry-class frigates built by China Shipbuilding Corporation with technology transferred from the U.S. and the Chung-Shan Institute of Science and Technology. It needs about NT [new Taiwan] \$142.8 billion to carry out the project. China Shipbuilding Corporation won a contract of some NT\$40 billion. So far, three Perry-class frigates — "Cheng Kung," "Cheng Ho," and "Chi Kuang" — have been commissioned.

It is pointed out that canceling the eighth Perry-class frigate would be the second revision of the "Kuang Hua No. 1" Project. Canceling the purchase of a U.S. combat system for the eighth frigate was the Project's first revision.

It is learned that the military originally planned to purchase a miniature version of an advanced U.S. combat system for the eighth frigate, "Tien Tan." However, the GSH decided to terminate this procurement last year for budget and technical reasons, after submitting the procurement project to President Li Teng-hui for approval at Presidential Office military talks.

According to the source, the Navy and China Shipbuilding Corporation agreed in their Perry-class frigates contract that after completion of the seventh frigate, they might want to build the eighth, but it would all depend. Therefore, the military would not be involved in a breach of contract or an issue of compensation if the production of the eighth is stopped. According to the military's appraisal, about NT\$14 billion is needed to build the eighth frigate with a weapons system.

The source said: Building the eighth frigate with a U.S. combat system would cost more than NT\$30 million, according to the original plan. Provided that the GSH decides to cancel the eighth frigate, it may consider leasing decommissioned frigates from the U.S. as an alternative plan to maintain the Navy's combat effectiveness and to cut costs.

According to the source, although the Perry-class frigate is a new frigate, it is based on the designs of the sixties and seventies. The U.S. military has just eliminated a number of frigates similar to the Perry-class. If the eighth Perry-class frigate is canceled due to a shortage of funds, the GSH will take the alternative leasing plan into consideration.

It is pointed out that it takes 40 months for China Shipbuilding Corporation to build a Perry-class frigate; therefore, the eighth frigate is scheduled to begin construction in the second half of 1996 and to be completed in October 1999. Judging from the current budget, the military will have no budget for building the eighth frigate in 1997.

The "Kuang Hua No. 1" contract was signed 8 May 1989. The first Perry-class frigate, "Cheng Kung," started construction on 10 January 1990 and was completed 7 May 1993. Afterward, one frigate was delivered to Taiwan every 11 months.

### Ceremony Inaugurates U.S.-Loaned T-38 Jets

*OW3005122995 Taipei LIEN-HO PAO in Chinese  
25 May 95 p 4*

[FBIS Translated Text] On 25 May, a ceremony was held at an air base in Hualien for the inauguration of T-38 supersonic trainers, marking the start of equipping the Air Force with advanced fighters. In preparation for the arrival of advanced fighters, the Air Force will carry out a series of training programs involving T-38 trainers to enhance pilots' flight skills.

Chief of the General Staff Admiral Liu Ho-chien presided over the ceremony. Admiral Liu Ho-chien first inspected three goose formation flyovers by six T-38 trainers, and then inspected the ground forces and 20 T-38 trainers. On behalf of the Air Force, Air Force Commander-in-Chief Tang Fei presented a T-38 training plane model to Admiral Liu Ho-chien, declaring the start of a series of training programs in preparation for equipping the Air Force with advanced fighters.

Tang Fei pointed out: By borrowing training planes from the U.S., we can release more F-5 fighters to take on other combat tasks, which take precedence over the pilot training program, and can resolve the problem of Air Force pilots' flight hours being 20 percent less than the required amount. Although T-38 trainers are not equipped with arms, they are similar to fighters in terms of functions. In addition, it is economical to use T-38 trainers because they can be maintained easily.

### Purchase of F-16 Fighters Viewed

**Government Views Purchase**

*OW2605114495 Taipei CNA in English  
0839 GMT 26 May 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 25 (CNA) — An Air Force official said Thursday [25 May] that the military will evaluate the feasibility of accepting part of the 26 F-16A/Bs the US originally built for Pakistan but has held on to because of Pakistan's nuclear-weapons program.

"The Air Force may badly need the aircraft, but the point is they are not the more sophisticated mid-life-update (MLU) version we've already ordered from the US," the official pointed out.

The ROC Air Force signed a US\$5.8 billion contract with the US in 1993 to purchase 150 MLU F-16s in 1993, with the first batch of the fighter jets scheduled to join the air force late next year at the earliest.

Taipei had offered to buy F-16C/Ds, which are still being used by the US Air Force, but the offer was rejected by Washington on grounds that they are "offensive" and not "defensive" weapons. Taiwan later agreed to buy updated versions of the F-16 A/Bs.

Under the MLU program, which is jointly financed by the US, Taiwan, Belgium, Denmark and Norway, modified modular mission computer and improved avionics system are being developed for the F-16s.

US State Department spokesman Nicholas Burns told a regular [word indistinct] conference in Washington on Wednesday that, "the prospect of selling the (F16A/Bs) to a third country is something that we certainly do not object to. We'd like to promote that prospect."

"We would certainly consider the proposal, but it takes two to tango," Burns said. "It's up to Taiwan and the Government of the Philippines to decide that they want to do this."

Burns' statement was in response to a proposal by Sen. Larry Pressler (R-SD), who suggested that the Senate Foreign Relations Committee consider to deliver 11 of the 26 F-16A/Bs to the Philippines on a foreign military financing basis, and that the US open negotiations with Taiwan for the immediate delivery of the remaining 17 fighter jets.

#### **Taipei Not To Make Purchase**

*OW3105080495 Taipei CHUNG-KUO SHIH-PAO  
in Chinese 27 May 95 p 4*

[FBIS Translated Text] Defense Minister Chiang Chung-ling said yesterday that Taiwan does not intend to buy the 17 F-16 fighter jets originally ordered by Pakistan, from the United States.

Regarding news reports on a U.S. senator's proposal that the F-16 fighters originally ordered by Pakistan be sold to Taiwan, Chiang Chung-ling said: These F-16 fighters are different from those Taiwan has already ordered from the United States in terms of model. In consideration of their different maintenance systems, Taiwan will not purchase this batch of F-16 fighters.

Chiang Chung-ling made these remarks in answering a reporter's question, while accompanying Premier Lien Chan to inspect local construction in Keelung yesterday.

#### **President Stresses Importance of Combat Readiness**

*OW0106054995 Taipei CHUNG-KUO SHIH-PAO  
in Chinese 31 May 95 p 4*

[FBIS Translated Text] President Li Teng-hui pointed out yesterday: The Chinese Communist regime is very crafty and changeable, always saying one thing while

meaning another. It advocates peaceful reunification while increasing its military budget. Moreover, it has never renounced the use of force against Taiwan and has staged several military exercises which have increased its military threat to Taiwan. Our fellow countrymen should maintain vigilance.

Li Teng-hui made these remarks while inspecting the "Chien-Feng maneuvers," staged by the Army in Taoyuen's Chuwei area yesterday. Li Teng-hui said that in the face of Communist China's military threat and possible use of "sea of people, sea of ships" tactics, we should strengthen our combat effectiveness. Li stressed that a nation must be armed and prepared for wars every day, even though it may not fight a war for a hundred years.

Li Teng-hui said: Although cross-strait exchanges have increased and the military confrontation and tension between the two sides have eased, the Chinese Communist regime is very crafty and changeable, always saying one thing while meaning another. On the one hand, it advocates peaceful reunification; on the other, it has increased its military budget. We know that the Chinese Communists have never renounced the use of force against Taiwan and have never recognized the fact that the two sides are in a state of separation and under separate jurisdictions. Moreover, they continue to limit our activities in the international arena and, above all, they have staged several landing exercises, which have increased the military threat to Taiwan.

Li Teng-hui added: In the face of the Chinese Communists' military threat, we should maintain sharp vigilance and enhance our combat effectiveness. We should not ignore the fact, merely out of our subjective, wishful expectations, that the military's most important mission is to safeguard the nation and support the government's efforts to create a new era.

After inspecting the "Chien-Feng maneuvers," Li Teng-hui has full confidence in and was gratified at the armed forces' ability to handle emergencies.

#### **Economy Continues 'To Pick Up Steam'**

*OW2605113995 Taipei CNA in English  
0849 GMT 26 May 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, May 25 (CNA) — Taiwan's economy continued to pick up steam in April, with the best monthly foreign-trade performance ever, but the consumer price index also increased to a level higher than the government-set ceiling, the government said Thursday [25 May].

Blessed by a worldwide economic recovery and increasing domestic demand, Taiwan's imports and exports both increased nearly 30 percent in April, each hitting a single-month trade record of nearly US\$9.6 billion, Vice Premier Hsu Li-te said in a report at the Executive Yuan.

Hsu is also the chairman of the Council for Economic Planning and Development (CEPD), the country's top economic planning agency.

Hong Kong, a major conduit for indirect cross-Taiwan strait trade, continued to be Taiwan's largest export market in April, taking US\$2.46 billion worth of Taiwan goods, or 25.6 percent of its total exports for the month, Hsu quoted CEPD statistics as reporting.

It was the second straight month the British colony has surpassed the United States as Taiwan's top export outlet. The corresponding trade figures with the US for April were US\$2.18 billion and 22.7 percent.

Hong Kong was also Taiwan's top foreign trade surplus source in April, at US\$2.29 billion, according to CEPD tallies.

Hong Kong's increasingly important role in trade relations with Taiwan needs to be reassessed by the government and deserves special attention, Hsu said.

Meanwhile, Taiwan's trade deficit with Japan also hit another single-month record in April, at US\$1.76 billion, he said. Taiwan manufacturers, particularly the technology-intensive machinery and electronics industries, should take advantage of the Japanese yen's appreciation to look into trade opportunities in Japan, thus helping offset trade-imbalance pressure, he suggested.

Giving a general picture of the Taiwan economy in April, Hsu said the country's industrial production index slowed down, edging up only 1.6 percent from the year-earlier level, primarily due to longer national holidays. Despite the slowdown, he said, capital and technology-intensive industries remained the prime movers behind industrial growth, indicating that Taiwan's industrial upgrade is continuing.

Thanks to the continued economic growth, various revenues, including income taxes, tariffs, and commodity taxes, all registered increases of more than 20 percent over the same month last year, he said.

The consumer price index, nevertheless, swelled 4.5 percent in April from the year-earlier level. Higher prices of cotton, pulp and petrochemical raw materials on international markets also triggered clothing, newspaper and magazine price hikes in Taiwan, he said.

By comparison, he said, growths in the import/export price index and the wholesale price index subsided in April.

#### **Government Readies 10-Year Economic Plan**

*OW2605112995 Taipei CNA in English  
0926 GMT 26 May 95*

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 25 (CNA) — Taiwan will map out a 10-year economic-development plan after the 1991-96 six-year national development plan expires in 1996, the Council for Economic Planning and Development (CEPD) said Thursday [25 May].

The CEPD, Taiwan's highest economic planning agency, decided to draw up another plan because, as Vice Premier Hsu Li-te put it, it would not "run counter" to government efforts to push economic liberalization. Hsu is also the CEPD chairman.

Yu Tzong-hsian, president of the Chunghua Institute for Economic Research, also affirmed the contribution long-term economic plans have made to Taiwan's dynamic economic growth over the last few decades, but he added that the goals of the new plan should be redefined to meet the needs of a liberalized economy.

It was agreed that under the new economic plan, no details will be worked out for the private sector, but that general economic "trends" would be pointed out. As to the public sector, the plan will map out areas likely to escape the reach of market forces.

According to the scenario envisioned, the Taiwan economy will grow by an average of 6 percent through the next decade, consumer price growth will be kept below the 3 percent level, and government spending will not exceed 30 percent of the gross national product.

It was also agreed during the meeting that an ad-hoc task force will be set up to oversee the implementation of the 10-year economic plan.

#### **Legislature Passes Budget for Fiscal Year 1996**

*OW3105024895 Taipei CNA in English  
0117 GMT 31 May 95*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 30 (CNA) — The Legislative Yuan on Tuesday [30 May] approved in its third reading the government's proposed budget of NT\$1.15 trillion (US\$45 billion) for FY96.

The final vote on the matter was 61 to 51. The approved budget amount was NT\$20.2 billion less than what the Executive Yuan had asked for.

The budget includes NT\$84 billion for the building of the North-South High-Speed Railway and NT\$13.3 billion in pensions for elderly farmers. The money for the two projects was approved after heavy negotiation between the ruling Kuomintang legislators and the opposition.

#### **Task Force To Aid in Liberalizing Procurement**

*OW0106095995 Taipei CNA in English  
0932 GMT 1 Jun 95*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, June 1 (CNA) — Taiwan has formed a government procurement negotiation task force to hold discussions with foreign nations and improve government purchasing policy, a top economics official said Thursday [1 June].

Hsueh Chi, vice chairman of the Council for Economic Planning and Development, said that the task force aims to complete procurement negotiations with 24 foreign nations by the end of this year and will help speed up the liberalization of Taiwan's procurement policy.

Hsueh noted that domestic trade and commerce groups, including the Chinese National Federation of Industries, the General Chamber of Commerce of the Republic of China [ROC] and the Chinese National Association of Industry and Commerce, will form an advisory body to assist the task force. They will use their connections to collect information for the task force.

He added that Taiwan's procurement policy will be adjusted to be more reasonable, equitable and open. In the future, he said, all international bidders will be eligible to bid for procurements worth more than US\$500,000 by the Executive Yuan, Taiwan Provincial Government, Taipei and Kaohsiung City Governments, national universities, or provincial and state-run schools or enterprises.

#### **Bank Deposits Hit 'New High'**

*OW2605112795 Taipei CNA in English  
0921 GMT 26 May 95*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, May 25 (CNA) — Savings in Taiwan's financial institutions hit a new high of NT [new Taiwan] \$12.2065 trillion (US\$488 billion) in April, a 10.59 percent increase over the year-earlier level, the Central Bank of China (CBC) reported Thursday [25 May].

Among all bank savings, certificate deposits increased NT\$42.6 billion (US\$1.7 billion) in April, while demand deposits decreased NT\$15.9 billion (US\$0.63 billion),

and government deposits increased NT\$51.6 billion (US\$2.06 billion), officials from the CBC's economic Research Department said.

The increase in certificate deposits in April was a 0.49 percent jump from March and an 11.74 percent increase from April 1994. Government deposits, meanwhile, swelled 6.25 percent over March and 5.66 percent over April 1994, they added.

The 10.59 percent increase in savings during the month was, however, a four-year monthly low, the CBC officials said.

In addition, the 13.02 increase in loans made during April was a nine-year monthly low, the officials pointed out.

Despite the slowdown in savings growth and loan payouts, CBC Deputy Governor Paul Chiu said the bank would not adjust its monetary policy because the domestic capital market is generally considered "pretty stable."

#### **Export-Import Bank Releases Loan Totals**

*OW2705031995 Taipei CNA in English  
0201 GMT 27 May 95*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 26 (CNA) — Koh Fei-lo, president of the Export-Import Bank of the Republic of China [ROC], said on Friday [26 May] that the bank had loaned out US\$230 million to local businesses so far this year through April.

Koh said most of the loans went to businesses that are following the government's southeast Asian and Latin American investment strategy and want to set up production facilities in those regions.

Fifty-four of the loan projects, worth US\$19.6 million, were for firms wanting to set up machinery production facilities overseas, and 29 others, worth US\$84 million, were for various other overseas projects, according to Koh.

The bank offered US\$778,500 in loans to firms setting up machinery production lines in Latin America, while loans offered for 13 other investment projects in Latin american countries hit US\$48 million, Koh noted.

Meanwhile, Koh said the amount of export insurance underwritten by the bank to local businesses hit NT\$8.5 billion (US\$332 million) in the first four months of this year, up 28.3 percent than the earlier-projected level.

Export insurance underwritten by the bank was NT\$10.4 billion last year, according to Koh.

Koh said the largest part of the bank's insurance covered firms producing bicycles, computers, textiles, and autos.

Some 56 percent of the export insurance applied by local exporters was for goods destined for the United States, while goods going to eastern European, Latin American and southeast Asian countries posted the largest increases in export insurance, Koh pointed out, adding that 90 percent of the bank's insurance clients were small and medium-sized businesses.

#### **Central Bank Wants 'Measured' Financial Policy**

*OW3005053495 Taipei CNA in English  
0202 GMT 30 May 95*

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, May 29 (CNA) — The Central Bank of China (CBC) will adopt a "measured" financial policy and place top priority on commodity price stability, CBC Governor Sheu Yuan-dong said Monday.

To ensure price stability, Sheu pointed out, the central bank will continue to set an annual money-supply growth rate target of 10-15 percent.

The central bank, however, will not let Taiwan's M2 money-supply growth rate fall below 10 percent so as to maintain economic vitality, he noted. The growth of Taiwan's M2 money supply fell to a 51-month low of 10.97 percent in April.

The M2 money supply is the total stock of money in a national economy, comprising cash in circulation, deposits in checking and demand accounts, savings and time deposits, as well as quasi-money (including certificates of deposits and treasury bills).

Sheu made the remarks upon his return from Manila, where he attended the 30th Conference of Southeast Asian Central Bank Governors.

He said the governors proposed that a foundation be established to help stabilize various Southeast Asian currencies, adding he personally hopes the International Monetary Fund (IMF) will help promote the proposed plan.

The governors also decided that a one-month seminar on banking examination and financial management will be held in Taipei in early October, he added.

Commenting on the recent sharp fluctuations of the new Taiwan [NT] dollar, he reiterated that the exchange rate would continue to be decided by market forces. The NT dollar fell NT\$0.133 Monday against the US dollar following a rise of NT\$0.34 over the previous three days.

#### **Research Institute To Set Up PRC Unit**

*OW3005121295 Taipei CHUNG-KUO SHIH-PAO  
in Chinese 24 May 95 p 4*

[FBIS Translated Text] The Taiwan Research Institute [TRI] will soon set up a research unit in the mainland to expand the scope of its research. According to the TRI, the institute has initially decided to jointly establish a research unit to study cross-Straits economic and social issues with Mainland China's Center for Cross-Straits Economic and Technological Cooperation and Exchange and the Scientific and Technological Exchange and Promotion Center. Mainland China's Taiwan Affairs Office under the State Council has approved this plan; however, details of the plan have not yet been settled.

The TRI, headed by Liu Tai-ying, is active in conducting cooperation projects with relevant mainland units and expects to spend NT [new Taiwan] \$10 million annually on promoting research in the mainland. Mainland China has also assigned equivalent units to cooperate with the TRI.

The TRI said: Liu Chen-tao [Liu Zhentao], head of the Economic and Technological Bureau under the State Council's Taiwan Affairs Office, is in charge of the Center for Cross-Straits Economic and Technological Cooperation and Exchange, and Hsu Kun-ming [Xu Kunming], director of the State Science and Technology Commission's [SSTC] Taiwan Affairs Office, is in charge of the Scientific and Technological Exchange and Promotion Center — a unit under the SSTC.

The TRI pointed out that the institute has decided on who will be assigned to its office in Peking [Beijing], but it still needs to discuss the office's operations with the mainland.

#### **Minister Gives Priority to High-Tech Development**

*OW2905093495 Taipei CNA in English  
0109 GMT 29 May 95*

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, May 27 (CNA) — Taiwan should spend more money on the manufacture of high-technology products rather than on social-welfare programs, Economic Affairs Minister P.K. Chiang said Saturday [27 May].

Focusing on the central government's tight budget, which is making high-tech development programs difficult to sustain, Chiang said that only by building Taiwan into a high-technology island and international market competitor can the government afford social-welfare projects.

From 1989 through 1993, government spending on high-technology projects grew 31 percent annually, but has increased at an annual rate of just 1.8 percent per year since, Chiang lamented.

Taiwan pumped NT\$10 billion (U.S.\$340 million) into high-technology projects last year, producing NT\$537 billion (U.S.\$20 billion) worth of goods and spinning off NT\$43.9 billion (U.S.\$1.7 billion) in tax revenue, Chiang said.

Chiang said money spent on high-technology projects between 1997 and 2001 should increase 18.6 percent each year, and that the ministry's related research and development budget should increase from 1996's NT\$17.2 billion (U.S.\$670 million) to NT\$40 billion (U.S.\$1.55 billion) in 2001.

#### Taipei To Host APEC Agricultural Workshop

OW3105120095 Taipei CNA in English  
0944 GMT 31 May 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, May 31 (CNA) — The APEC experts meeting on agricultural technical cooperation is set to be held June 13-15 in Taipei, the Council of Agriculture (COA) said Wednesday [31 May].

More than 80 government officials and experts from the 18 Asia-Pacific Economic Cooperation member economies are expected to take part in the meeting, so far the third APEC workshop to be held in Taipei this year, and with the highest-ranking officials from APEC countries participating, COA officials said.

The meeting is the materialization of a proposal made by Hsiao Wan-chang, then chairman of the Council for Economic Planning and Development (CEPD) during the informal APEC leadership meeting held last November in Indonesia. Hsiao proposed that APEC agricultural technical experts meet in Taipei sometime this year for discussions on five major issues.

Mainland China, also an APEC member, is expected to send ministry department directors to the meeting.

Japan is sending the second-largest mission behind only Taiwan to the seminar with several division and office directors from the Foreign Affairs Ministry and the Agricultural Ministry as delegates.

During the three-day workshop, participants will moot issues in seven areas, including trade and technical cooperation, bilateral trade in agricultural products, and cooperation in agricultural products processing. The opening of agricultural markets, however, is not included in the agenda, according to COA officials.

APEC groups Australia, Brunei, Canada, Chile, Hong Kong, Indonesia, Japan, Malaysia, Mainland China, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand and the United States.

#### White Paper Details Progress in War on Drugs

OW2705101695 Taipei CNA in English  
0923 GMT 27 May 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 27 (CNA) — The Ministry of Justice Saturday [27 May] published a white paper detailing the progress the government has made in its war on drugs.

The 132-page narcotics white paper, the first ever in Taiwan, also lists the various problems the government has encountered in the elimination of drugs. It was prepared by the Ministries of Education and Justice and the Department of Health.

Despite the fact that some drug problems have been resolved, Justice Minister Ma Ying-jeou warned Saturday of the continued threat drugs pose to society. "We must not ignore the threat because of the small progress we have made," Ma said.

Meanwhile, the three government agencies will host the second nationwide anti-drug conference next week.

## HONG KONG &amp; MACAO

**Hong Kong****'News Background' on Court of Final Appeal Issue**

*HK3105053495 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 27 May 95 p 5*

[("News background" by Yuan Qiushi (5913 3061 1395): "Origin and Developments of Hong Kong Court of Final Appeal Issue")]

[FBIS Translated Text] Under the colonial rule that Britain has imposed on Hong Kong since it occupied the territory more than 150 years ago, Hong Kong's court of final appeal has always been the British Privy Council. To uphold our sovereignty while maintaining Hong Kong's prosperity and stability, our government has devised the principle of "one country two systems, and first made the solemn promise that the future Hong Kong Special Administrative Region (SAR) will have the right to "an independent judiciary system and its own court of final appeal" in the Sino-British "Joint Declaration on the Question of Hong Kong" signed in 1984. In April, 1990, our country's highest authority enacted and promulgated the "Basic Law for the Hong Kong Special Administrative Region," which specifies among its provisions the jurisdiction of the court of final appeal of the Hong Kong SAR, its composition, the qualifications of its chief judge, the procedures for the appointment and dismissal of its judges, etc.

As can be seen, according to the Joint Declaration and the Basic Law, Hong Kong's court of final appeal should function formally on 1 July, 1997 in accordance with the "Basic Law." However, in February, 1988, the British side put forward the proposal of establishing the court of final appeal in Hong Kong before 1997 and allowing it to function beyond 1997. Having the smooth transition of Hong Kong and the preservation of its prosperity and stability at heart, the Chinese side agreed to discuss the issue through the Sino-British Joint Liaison Group, and reached a basic agreement with the British on the setting up of a court of final appeal in Hong Kong before 1997. The agreement covered two main points: first, both sides agreed that the court of final appeal will have four permanent judges, one of whom is the chief judge. At any hearing of the court, five judges will have to be present; apart from the four permanent judges, there will be a fifth non-permanent judge. The non-permanent judge will be selected by the chief judge from either the list of "non-permanent Hong Kong judges" or the list of "non-permanent overseas judges" depending on the nature of the case. Second, at every stage of the preparation work for the setting up of the court of final appeal, the two sides should have thorough discussions. Based on the above agreement, the series of important questions relating to Hong Kong's court of

final appeal including its jurisdiction, legal proceedings, and procedures for the appointment and dismissal of judges, should be discussed by the two sides thoroughly.

However, in December 1991, after the above agreement was reached, the British side tabled the agreement before the Hong Kong Legislative Council for "endorsement," with the result that it was "rejected" for the so-called reason of "having too small a proportion of overseas judges." As everybody knows, the Hong Kong Legislative Council is only an advisory body for the Governor in the enactment of laws. In tabling the agreement reached between the Chinese and British governments before the Hong Kong Legislative Council for it to "endorse," the British side was obviously trying to make the Legislative Council superior to the Chinese and British governments, so creating a political "three-legged stool" and turning Hong Kong into an independent or semi-independent political entity. This also clearly shows that the British were not sincere about abiding by the agreement reached by the two sides. Since then, the British side has been dragging its feet on the issue of the court of final appeal, and has delayed it for as long as almost three years. It was not until the end of 1994 that the British hurriedly got the bill on the court of final appeal out. After amending it in a rush early this year, they then presented it to the Chinese side. But, does this mean that the British side had changed its attitude, and was sincere about cooperating? The answer can be seen from a number of sly acts on the part of the British recently.

The first sly act was to repeatedly press the Chinese side to make its stand clear, which was an attempt to shift the responsibility for the delay to the Chinese. Early this year, the British side tabled the bill which it had delayed for years, and before the Chinese side had time to study it in detail, senior officials in the British Hong Kong government such as Governor Patten and the Chief Secretary were already making numerous speeches in public, saying that "the Chinese side should respond as soon as possible, so that Hong Kong will have its court of final appeal as early as possible." They also tried to create a false alarm, saying that if the Chinese side did not show its support as soon as possible, there would be a "judicial vacuum" in 1997. Reading between the lines, they were attempting to shift the responsibility for the delay to the Chinese side, and also to force the Chinese to accept its proposal.

The second sly act was refusing to promise not to take action on its own. Since the court of final appeal straddles 1997, it should converge with the Basic Law. Based on the principle of smooth transition, the Chinese side requested the British to promise that before the two sides reached agreement on the issue, the British

side would not take action on its own. This was a reasonable request and fitted in with the real meaning of cooperation, but it was refused outright by the British side for the so-called reason of "legislation enactment timetable."

The third sly act was to breach the agreement to keep the talks of the Sino-British Joint Liaison Group confidential and to deliberately distort the stand of the Chinese side. In early May this year, the British Hong Kong government leaked some information to the media on the discussions by the Joint Liaison Group on the court of final appeal bill. It also deliberately distorted the position of the Chinese side, spreading rumors about the Chinese side wanting to "restrict the Hong Kong court of final appeal to only hearing cases of an economic nature," that "if Beijing does not agree with the judgment of the court of final appeal, it can overturn its decision," that "Beijing will establish an organization to handle the judgments of the court of final appeal" etc. All these were aimed at provoking public opinion, at creating the impression that the Chinese side wants to "tear up the 1991 agreement," and that the British side wants to "defend Hong Kong's right to have its own court of final appeal."

The fourth sly act was to use pro-British councillors to sound out the Legislative Council and prepare for the British side to forcibly pass its own court of final appeal bill. On 3 May, while spreading rumors about and distorting the position of the Chinese side, the British Hong Kong government also directed a councillor to move a so-called motion in the Legislative Council urging the British Hong Kong government to "establish the court of final appeal as early as possible", and to have a "debate" in the Council about it. The purpose of this was to test the degree of support among Legislative Councillors for the British Hong Kong government's act of establishing the court of final appeal on its own, and to exert pressure on the Chinese.

The sly acts by the British Hong Kong government are still going on. It is not difficult to see from the above facts that the British side intends to harm the cooperative relationship and atmosphere for the purpose of establishing a British-designed court of final appeal in Hong Kong on its own and forcing the post-1997 Hong Kong SAR to accept it. This kind of action, which harms Sino-British cooperation and is an attempt to extend the influence of the British colonial rule, was of course criticized and boycotted by the Chinese side and by a wide spectrum of Hong Kong society. To ensure that Hong Kong's prosperity and stability will be maintained, the "Preliminary Working Committee of the Preparatory Committee for the Hong Kong Special Administrative Region" set up by our country's highest

authority held its 17th meeting in the middle of May. At the meeting, eight principles on the establishment of the court of final appeal for the Hong Kong SAR in accordance with the Basic Law were proposed (details on page 5 of the 18 May, 1995 issue of *Renmin Ribao Overseas Edition*). This shows clearly that even though the British side is uncooperative, the Chinese government and people, including the people of Hong Kong, still have the confidence and ability to establish the court of final appeal for the future Hong Kong SAR on their own before 1 July, 1997 in accordance with the Basic Law. Therefore, the so-called "judicial vacuum" situation will never exist in Hong Kong.

#### JLG Meeting on Court of Final Appeal Extended

OW3105132795 *Beijing XINHUA in English*  
1304 GMT 31 May 95

[FBIS Transcribed Text] Hong Kong, May 31 (XINHUA) — The 7th experts meeting of the Sino-British Joint Liaison Group (JLG) on the issue of the Hong Kong Court of Final Appeal (CFA) is to be extended to June 1, Chinese representative Chen Zuo'er said here today.

After four-hour close door discussions ended early this evening, Chen told reporters that the Chinese and British experts devoted to a useful discussion on the CFA issue this afternoon and the two sides agreed to extend the meeting to June 1.

Richard Hoare, representative of the British CFA experts group, briefed reporters with the same expression in English.

Both of them politely avoided further responding to reporters on their way from the meeting room to their cars.

The meeting was originally scheduled for two days from May 30 to 31.

According to Chen, the Chinese and British sides had a "pragmatic discussion" on the first day of the meeting.

Chen said that the CFA issue has been dragging on for a long time. In order to prevent a so-called judicial vacuum from occurring in Hong Kong, it is necessary for the two sides to accelerate the pace of solving the problem.

Thus, he said, the Chinese expert group on the JLG put forward a constructive solution in a package of proposals to its British counterpart during the first of the meeting.

He said, "We have also listened to the opinions from the British side on the meeting."

Sources said that British side reviewed the proposals last night and this morning before they met with the Chinese expert group this afternoon.

Local media noted that in the past two days, Chen Zuo'er and Richard Hoare mentioned nothing about the differences on the issue, but they refused to reveal details of the proposals and the progress in their discussion in the past two days.

#### **ICAC To Propose Formal Complaint System**

**HK3105080295 Hong Kong SOUTH CHINA MORNING POST in English 31 May 95 p 2**

[By Darren Goodsir]

[FBIS Transcribed Text] The ICAC [Independent Commission Against Corruption] wants a formal system for referring corruption complaints between Hong Kong and the mainland. Officials from the anti-graft body will travel to Guangzhou next month to negotiate the programme.

Commissioner Bertrand de Speville said yesterday he hoped China would agree that all corruption allegations linked to the territory should be passed to the ICAC for investigation. He also envisaged a system where a "handful" of cases each year might be given to the Chinese. But he said the ICAC would not pass on allegations if the complainant were unwilling.

"But we are seeing a gradual increase in cases reported to us which have nothing to do with Hong Kong but occur entirely in China," he said. "It would probably be no more than a handful each year. It is to deal with that expected increase in the number of cases that we really do want to have in place a service for the complainant."

He said the system was also needed for those in China who wanted to complain about corruption in Hong Kong.

"There is no need for a statutory system but we want to make sure that the Chinese side are agreeable to us referring complaints with the consent of the complainant. Sometimes that happens. We get a complaint made to us that doesn't concern Hong Kong at all. The matter is entirely about things that happen in China."

ICAC officers now make formal requests to visit the mainland to help investigations. Normally an interview takes place in the presence of a Chinese official and with the consent of the subject.

Mr de Speville said he wanted to push hard next year to secure closer working ties with China's Supreme People's Procuratorate.

"On the operational front, we have many contacts with them," he said. "Although, I must stress our ability to co-operate on the operational front is limited because we do have two very different and distinct legal systems."

Mr de Speville referred to recent survey pointing out the public's increased fears over corruption after 1997. In 1992, 40 percent of respondents said corruption was prevalent in the business sector and that the 1997 issue would cause an increase in graft. But, Mr de Speville said, in 1994 this had risen to 70 percent in a "quite striking" indication of public attitudes.

#### **XINHUA Denies 'Property Tycoon' Donation**

**HK2705083495 Hong Kong HONGKONG STANDARD in English 27 May 95 p 2**

[By M.Y. Sung]

[FBIS Transcribed Text] Xinhua News Agency says it has not received a donation from property tycoon Li Ka-shing to fund its operation here. The agency's deputy director Zheng Guoxiong yesterday emphatically denied a story about a gift from Mr Li.

The story of the donation, contained in the memoirs of a former Xinhua chief who defected to the United States in 1989, Xu Jiatun, were totally untrue because the agency was fully funded by the Chinese government, Mr Zheng said.

Mr Xu said he had heard, when he came to Hong Kong in the early 1980s, that a "fund" had been donated by Mr Li through his friend Chuang Shih-ping, a member of the Chinese People's Political Consultative Conference. Mr Xu, now resident in California with his family, did not say in the latest installment of his mammoth memoirs whether the alleged US\$20 million (HK\$156 million) gift was volunteered by Mr Li or was granted without any prompting.

The most recent excerpts from the memoirs, published in a local Chinese newspaper, caused grave concern about the link between local tycoons and Xinhua. Xinhua did not need charity because its "expenditure is covered by the state", Mr Zheng said yesterday.

Mr Li recently shifted shares in the flagship firm Cheung Kong (Holdings) to a trust under his name after setbacks in the development of Oriental Plaza in Beijing. The move was to avoid paying inheritance tax, despite speculation he had lost confidence in Hong Kong and China, Mr Li said.

A Chinese source said Mr Li's past record of generous donations to Britain's Conservative Party was one of the reasons the Chinese government was wary of him. A series of incidents, including the arrest of Hong Kong

Shougang's chairman Zhou Beifang, the halt of the Orient Plaza project, and rumours about the suicide of Wang Baosen, Beijing vice-mayor, also strained relations.

The Chinese government would not move against Mr Li, the richest man in the territory, because they did not want to shake the confidence of the people of Hong Kong during the transitional period, a source said.

**Dissidents Reportedly Leave for 'Asylum' in U.S.**

*HK0106042495 Hong Kong EASTERN EXPRESS  
in English 1 Jun 95 p 1*

[Article by Bruce Gilley: "Dissidents Leave For Asylum in U.S."]

[FBIS Transcribed Text] Three mainland dissidents and their families who have been living under protection in Hong Kong were on a plane bound for New York early this morning after being granted political asylum in the United States. Their freedom flight comes days before the Tiananmen Square massacre anniversary, symbolising the continued flow of human rights activists from China through Hong Kong six years after the tragedy. About 30 escaped mainland dissidents are believed to be living in the territory under Government protection while awaiting settlement in a third country.

Wang Tongshan and Liu Xiaodi from Shaanxi province and Beijing-native Song Shuyuan, all in their 40s, expressed relief yesterday at being granted asylum in the US, but also voiced concerns for colleagues still on the mainland. "I fear that once in the US we will hear less about our friends," Song, a founding member of the pro-democracy Peace Charter of 1993, said. "But we will not relinquish our views. We must change China. This is for sure."

Song escaped to Hong Kong last September and his wife and daughter arrived earlier this year. He said the family received "great support" from democratic and social groups in the territory and noted that "there has been no change in the value the local people place on growing democracy". "The numbers attending June 4 ceremonies may be dwindling, but the people have in no way lost interest in democracy in China," he said.

Spokesmen for the Government and the US consulate in the territory declined to comment on the cases last night, reiterating a policy of not discussing individual cases.

It was not clear how the families of the three men made it to the territory, but they are thought to have been offered protection by the Government on the grounds that they faced persecution. "We feel very lucky and

glad to be leaving. It was a long ordeal," Liu, who arrived Hong Kong with Wang in April last year, said.

The founders of a cultural research institute in the Shaanxi capital of Xian, Liu and Wang suffered constant police harassment in the year before they fled the city in February last year. Both men were detained in 1993 after attempting to organise a meeting of leaders of the 1989 protests in the Shandong province coastal city of Qingdao.

Police tracked the pair down to Wenzhou in Zhejiang province, forcing them to flee to Guangzhou in April last year. There they were put in contact with organisers of an underground railway to Hong Kong. "Shortly after we arrived in Hong Kong, the US decided to delink human rights from trade. We both determined not to return after that," Wang said. The three men and their families will be looked after by US human rights groups until they are self-sufficient.

The US has recently been reluctant to offer political asylum to mainland dissidents in Hong Kong in an apparent attempt to spread the burden among other Western nations. A former Shenzhen judge, Zhang Xin, and a Beijing labour activist, Wang Jiaqi, were among the few who have been granted asylum in the US in the past year after brief stays in Hong Kong.

The Government is thought to be keen to resettle as many of the dissidents as possible in third countries before 1997. "It's really just a handful of people, a point we constantly make to Western governments," one local support group worker said.

**Turkish President on Strengthening Trade Ties**

*OW2705075795 Beijing XINHUA in English  
0731 GMT 27 May 95*

[FBIS Transcribed Text] Hong Kong, May 27 (XINHUA) — Turkish President Suleyman Demirel here today urged business communities from Turkey and Hong Kong to strengthen their trade cooperation as the two sides are potential economic partners.

Suleyman Demirel, who arrived in Hong Kong after an official visit to China, issued the call in a speech at a luncheon organized by the Hong Kong Trade Development Council and the General Chamber of Commerce.

He said that cooperation between potential partners like Turkey and Hong Kong and close cooperation between Turkish and Hong Kong business communities can be instrumental in bringing dynamism to the bilateral trade relations.

The Turkish government wishes to increase its trade with Hong Kong as part of its policy to integrate its economy into the world economy, he said.

According to official statistics, trade volume between Turkey and Hong Kong augmented from 125 million U.S. dollars in 1992 to 310 million U.S. dollars in 1994 and Turkey ranks 37th among Hong Kong's trade partners.

"This clearly indicates that there is room for improvement," said the Turkish president to over 100 guests at the luncheon, most of them from the local business communities.

Hong Kong may become a forward base for distributing Turkish export goods in its region and joint production in Turkey may be explored with a view to marketing the products in East Asia, he said.

He added that there is a great potential for joint ventures between the private sectors of Turkey and Hong Kong, especially in the fields of electronics, textiles, toys, high-tech products, hotel industry, construction sector, and tourism.

He said that Turkey has the potential to become a regional economic power and a Turkey-Hong Kong partnership can have a competitive edge in the markets of Europe, Central Asia, the Middle East and Far East.

"Coupling Turkey's geographical position, traditional ties with its surrounding regions, large market potential, competitive labor force and dynamic and export-oriented industries with Hong Kong's financial and technological expertise, we can make up a team very hard to beat," he said.

#### **Shenzhen Body Parts Agency Under Investigation**

*HK3105080695 Hong Kong EASTERN EXPRESS  
in English 31 May 95 p 1*

[By Ella Lee]

[FBIS Transcribed Text] A Shenzhen organ trading agency which recently began canvassing for Hong Kong patients to have organ transplants in China is being investigated by the Hong Kong health authorities to see if it has broken medical advertising laws.

Acting on a report in yesterday's Eastern Express, the Department of Health has taken action to seek legal advice over whether the agency Morning Lights Organ Transplant Services Centre had breached the Undesirable Medical Advertisement Ordinance.

Legislators reacted to the report by urging the Government and medical bodies to crack down on the human organs trade. The principal assistant secretary for health

and welfare, Derek Gould, yesterday said that since the Human Organ Transplant Ordinance had not taken effect yet, the police had no legal grounds to investigate whether the company was involved in any commercial trade of organs.

Eastern Express reported that the company had posted bills outside two private hospitals in Hong Kong, claiming it could provide organs for transplants in mainland hospitals for \$350,000 to \$600,000. The agency's spokesman said it had an extensive network supplying organs from more than 15 "national" hospitals in China. He declined to discuss whether executed prisoners' organs were used and said it was "not a patient's business" to know the source of the organs.

Dr Leong Che-hung, the legislator representing the medical profession, said he had asked the Health Department to conduct a full investigation into the case. "I am greatly concerned by the report," Leong said.

The Human Organ Transplant Ordinance, recently passed by the Legislative Council, will make it an offence for any person to buy or sell organs, or to initiate the trade. It will become effective after the setting up of the Human Organ Transplant Board in August. Gould said the ordinance could do nothing if the whole process of transaction and operation was done outside Hong Kong.

"It (the advertisement) is annoying, but it's the limitation of the Hong Kong law," Gould said.

A Democratic Party legislator, Huang Chen-ya, said the Government should try to ban the agency's advertisement as the subject of organ trading was under international scrutiny. Professor Rosie Young, the chairwoman of the Medical Council, said the council was planning a campaign to warn doctors not to become involved in illegal trading.

#### **Shenzhen Firm Advertises Organs for Sale**

*HK3005040295 Hong Kong EASTERN EXPRESS  
in English 30 May 95 p 1*

[By Ella Lee]

[FBIS Transcribed Text] A Shenzhen company is illegally advertising in Hong Kong, claiming it can provide fresh organs and transplants in mainland hospitals for \$350,000 to \$600,000. Last night, the agency said no executed prisoners' organs were used, but later said it was of no concern to the patient where the organs came from.

The company, Morning Lights Organ Transplant Services Centre, has posted bills on street lights near the Evangel Hospital and St Teresa's Hospital in Kowloon

City. The advertisements say the agency could arrange organs for transplant, including kidneys, livers and corneas, in China, and list Hong Kong and Shenzhen telephone numbers.

When contacted by an Eastern Express reporter posing as a customer, a company spokesman, who gave his name as "Chan", said he had lined up more than 15 "national" hospitals in China — about five each in Guangzhou, Beijing and Shanghai, to supply fresh organs. Chan claimed he had received more than 10 inquiries since the advertisements were posted in Hong Kong three days ago.

A Health and Welfare Branch spokesman yesterday said anyone who makes a profit from trading in organs for Hong Kong patients commits an offence.

But Chan claimed that his business was "legal" and also said his company had registered in Hong Kong two months ago. Chan admitted there had been trading of prisoners' organs in China, but refused to discuss whether his company was involved in that business. He said it was not a patient's business to know where the organ came from. "You don't need to bother about that...We will take care of everything," Chan said.

He said most of the organs came from the bodies of unclaimed people and that some were sold by poor families. "The whole process is legal. They are national hospitals, but they won't tell you much because it is a commercial secret," he said. "If there is a problem, the hospital will be in trouble, not the patient."

Chan said he had been a medicine trader who had established good relations with hospitals and helped more than five people to have "successful" organ transplants in China. He said that once "medical experts" in China had judged whether a patient was suitable for transplant, the company would charge \$10,000 for referral costs.

He said the patient would be met in Shenzhen by company staff and brought to a Guangzhou hospital. "We will group around four patients together in one trip because in some cases the organ we get may not match the blood type of a particular patient. We can then use that in another one.

"We will send someone to accompany the patient during the whole process. If you want a private nurse, you only have to pay \$100 a day more."

Chan said the patient would need to stay in the hospital for medical checks and wait for the organ for between a week and a month. "If you pay more, we can pay a deposit to more hospitals, which means if one hospital

gets an organ, it will send it to another and the patient will get an organ faster.

"We want to help Hong Kong patients. They have to wait for years before someone donates an organ."

#### Government Reports Increased Deficit, Inflation

*HK2705061495 Hong Kong SOUTH CHINA MORNING POST in English 27 May 95 p 1*

[By Duncan Hughes and Noel Fung]

[FBIS Transcribed Text] Hong Kong's trade deficit slipped further into the red last month, sparking concern that the territory is heading towards its first current account deficit since the currency was pegged to the US dollar. The Government revealed yesterday that April's trade deficit more than doubled compared with the same month last year as the full impact of the weakened dollar drove up costs.

It also announced that inflation was continuing to rise despite the highest unemployment figure for nine years and a major slump in retail sales. The original forecast has been revised from 8.5 percent to nine percent as the impact of higher import costs feeds through the economy. But the Government remains cautiously optimistic that the economy is on track to achieve its original growth forecast of 5.5 percent.

Government economist Tang Kwong-yiu said the widening trade deficit had been caused by a surge in imports needed for the territory's massive infrastructure projects. "This is the kind of import that could eventually support continuous growth in the economy for future export," he said, explaining that in other major Western economies widening trade deficits were usually caused by rising consumer demand. He said the widening gap also resulted from import prices rising faster because of the weakened dollar. "That is influenced by the situation on the international market."

During April, the increase in the value of imports more than doubled the value of the territory's exports compared to the same month last year. Exports rose by \$10 billion, or 11 percent, to \$101 billion while imports climbed \$21 billion, or 21 percent, to \$123 billion. For the first four months of the year, the deficit increased by 133 percent to \$57 billion compared to the same period last year.

Trade experts are claiming the territory is beginning to feel the full bite of the fall in the US dollar. A weak dollar makes the territory's exports more attractive to other countries but also increases the cost of imports. But some of the export advantage is being eroded by the rising cost of commodities needed to manufacture exports.

Henry Tang, deputy chairman of the Federation of Hong Kong Industries, said: "Our members are saying it is a tough time but not only because of the yen. All our major trading partners are going through difficult times." Imports from Japan, one of the territory's biggest trading partners, have risen by more than 10 percent.

Edward Leung, chief economist for the Hong Kong Trade Development Council, added: "Some importers have also been trying to build up their inventories before the price rises. They have purchased more in order to avoid the anticipated rise in prices."

Economists are claiming that earnings from services, or invisibles, will not be able to offset the soaring visible deficit, plunging the territory's current account — or trading balance with the world — into deficit for the first time since the dollar peg was introduced in 1982. This could put additional pressure on the value of the currency and interest rates.

#### **MOFTEC To Sponsor Investment Fair 6-9 June**

*OW2905092395 Beijing XINHUA in English  
0739 GMT 29 May 95*

[FBIS Transcribed Text] Beijing, May 29 (XINHUA) — An investment fair, sponsored by the Chinese Ministry of Foreign Trade and Economic Cooperation (MOFTEC), is scheduled to be held in Hong Kong from June 6 to June 9.

Representatives of different Ministries, as well as 16 regions, involving 510 projects, headed by MOFTEC vice-minister Gu Yongjiang, will attend. The fair is meant to cement economic and trade ties between Hong Kong and other parts of the country, according to Ma Xiuhong, deputy director of the Foreign Investment Department with MOFTEC.

Projects from the provinces of Henan, Guizhou, Shanxi, Qinghai, Jilin, Yunnan, and the Xinjiang Uygur Autonomous Region, all backward and inland regions, account for 60 percent of the total to be listed, she said.

Ma pointed out that such a comprehensive investment fair is one of the events overseas to attract overseas investment.

A delegation from Taiwan, composed of representatives from around 60 companies, including big names from the automobile industry, will also attend the fair.

A seminar on Chinese policies toward overseas investment will also be held. Officials from China's eight ministries, and the State Planning Commission and the People's Bank of China will introduce policies on foreign investment in China.

The first investment fair held last year had good results, Ma said, explaining that agreements worth six billion US dollars were signed during the fair, with half of them having been implemented.

#### **Secretary Calls For Separate Credit Rating**

*HK3105080495 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English  
31 May 95 p 1*

[By Sean Kennedy]

[FBIS Transcribed Text] One country, two systems translates to one country, two ratings, says Financial Services Secretary Michael Cartland, warning Hong Kong's credit rating should not be dragged down to China's level because of the change of sovereignty.

"We have never considered our task in liaising with the rating agencies to be one of influencing the decisions of the agencies in any particular direction," Mr Cartland told an International Business Forum (China) conference on credit ratings and risk assessment in Asian emerging markets.

"We believe the government can play a pivotal role in ensuring a proper understanding of issues that would affect the assessment of the sovereign risk." Hong Kong's financial and economic strength was seldom questioned, he said.

"But we have always found it useful to explain to the rating agencies matters such as our philosophy of fiscal prudence, the importance we attach to maintaining exchange-rate stability as our monetary policy objective, transitional issues such as the provisions of the joint declaration ... and the Basic-Law, enacted by China to give effect to the one country, two systems concept. This covered the high degree of autonomy the future Hong Kong Special Administrative Region Government would enjoy in its commercial, financial, economic and fiscal affairs, Mr Cartland said.

"The nearer we get to 1997 the more apparent it becomes that the foundations for the future of Hong Kong are in place, that the economy continues to perform well and that the markets are not going into terminal decline. In short, that one country, two systems, can and should mean one country, two ratings; separate ratings to reflect the different strengths of the two separate economies. I hope that these rating agencies, as much as the rated parties, will co-operate in a positive spirit to ensure fair and appropriate ratings."

It would be illogical to try to "converge" the ratings of China and Hong Kong "for the simple reason that you would end up over-rating one or under-rating the

other," he said. It was now close enough to 1997 for any concerns about the handover to have been discounted, Mr Cartland said.

Notes issued by the Exchange Fund that straddled 1997 showed the market did not distinguish between debt securities maturing before and after 1997.

Mr Cartland's comments follow the release by Moody's Investors Service of its annual report for Hong Kong, in which the rating agency said Hong Kong's A3 credit rating reflected increasing economic integration with China, which is also rated A3. Moody's warned of pitfalls accompanying the handover including readjustment of the peg, or absorption of the Hong Kong dollar and a worst-case scenario in which China broke its agreement with Britain.

#### Jiangsu Trade Fair Opens 29 May

OW2905172595 Beijing XINHUA in English  
1601 GMT 29 May 95

[FBIS Transcribed Text] Hong Kong, May 29 (XINHUA) — A trade fair of East China's Jiangsu Province opened here today with over 300 projects for negotiation with overseas investors.

At the opening ceremony, Wang Rongbing, deputy governor of Jiangsu Province, said that the six-day fair, the largest of its kind ever held by the province, is to enhance trade relations between his province and Hong Kong, Macao, Taiwan and Southeast Asian countries.

He said that Jiangsu is among China's provinces that scored fastest economic growth rates. Last year, its total import and export value hit a record to reach 12.8 billion US dollars, increasing 47 percent over the previous year.

By the end of 1994, the province has 25,356 overseas-funded enterprises with contracted overseas investment of 27.77 billion US dollars.

According to Wang, the 300-plus projects presented on the fair mainly involve infrastructural facilities, raw materials industry, technology upgrading for large-sized state enterprises, housing and reconstruction projects in urban areas and tertiary service schemes.

He said that investment for each project is expected to exceed 10 million US dollars.

On display at the fair are also 100 kinds of brand-name products made in Jiangsu for export orders.

#### Singapore Reported as Top Emigration Destination

HK2805084595 Hong Kong SUNDAY HONGKONG STANDARD in English 28 May 95 p 1

[By Helen Johnston]

[FBIS Transcribed Text] Latest immigration figures show a massive swing towards Singapore, with more than 90,000 Hong Kong people being granted the right of residency in the city-state in the past five years. The figures reveal that Singapore ranks second only to Canada as the preferred option for people wanting to leave Hong Kong.

Successful applications for residency in Singapore now far out-strip those for Australia, New Zealand, the United States and Britain. In the same period 56,006 Hong Kong people moved to Australia, 17,715 to New Zealand, 69,645 to the US and just 5,514 to Britain.

First Secretary to the Singapore Commission in Hong Kong, Ms Bee Tee, said the increase in numbers of locals seeking right of abode in Singapore dated back to the inception of a special scheme to meet the demand from Hong Kong after the Tiananmen Square crackdown.

Residency has been granted to Hong Kong applicants under Singapore's Approved In Principle (AIP) scheme, which differs from immigration procedures for other countries by allowing a "grace period" of five years to make the move to their new home. This allows people who have been granted residency to "assess the situation in Hong Kong" before making the move to Singapore. So far 16,000 people have taken up permanent residency in Singapore, leaving 74,000 who have been granted residency and are able to move down in the future.

Business and entrepreneurial schemes that require an investment of S\$1 million [Singapore dollars] (HK\$5.6 million) [Hong Kong dollars] and proof of the applicant's business track record also offer Hong Kong people the chance to gain residency.

A spokeswoman for the Social Integration Management Department in Singapore said the typical profile of a Hong Kong applicant was male, between 30 and 39 years old and married with one child. The spokeswoman said the applicants possessed a secondary and possibly some tertiary education and that the majority worked as managers or executives in the manufacturing and business sectors.

Ms Tee believed the reason the AIP scheme has been so popular is because applicants are not forced to move immediately. "They have time to look around and assess the Hong Kong situation for themselves," she said. "The objective is to help boost the confidence of Hong Kong

people in Hong Kong," Ms Tee said. "We are not really trying to encourage people to go to Singapore although we are happy if they do move there."

Ms Tee said the AIP scheme acted as security for applicants. "Everyone just wants an insurance policy. I have come across people holding three passports but they don't necessarily want to move," she said.

Legislator and Democrat Michael Ho said the reasons behind increased emigration to Singapore were clear. He said factors such as "economic gloom" in the West, the appeal of an Oriental culture to Hong Kong migrants and uncertainties over 1997 were the most significant. "What is really affecting the confidence of Hong Kong people is not just June 4 issues but recent PWC [Preliminary Working Committee] members' views," Mr Ho said. "They have been pretty irrational, talking about the right of abode of returnees, building up a temporary Legislative Council and about declaring some laws not legal."

"That would really threaten Hong Kong people, and the reality is if people are threatened or scared then they run away." He said local companies relocating to Singapore to avoid Hong Kong's sky-high rents was another possible reason for the exodus and a factor that could become a significant problem for the territory.

updated information, said Luo Haocai, Vice-Chancellor of Beijing University today.

Appearing at a cocktail party hosted by Hong Kong's Shue Yan College to welcome the Beijing University delegation led by Luo, Luo said that the legal information centre will be housed in the new 19-storey multi-purpose library building that will open in due course.

Luo further said that among overseas educational institutions with which Beijing University has maintained contacts, Shue Yan College is their closest academic partner. Since it first offered an external Law Degree course in Hong Kong with the help of Shue Yan College in 1978, Beijing University has also launched a number of external Master Degree courses which involved a total number of 300 graduates and over 400 undergraduates.

Luo pointed out that Beijing University has also maintained working relationships with other colleges and universities in Hong Kong. He strongly hoped that the institutions will enhance better co-operation to advocate Chinese culture as well as to maintain the stability and prosperity of Hong Kong.

Luo added that the number of overseas applicants enrolling for courses at Beijing University is increasing drastically, exceeding the capability of the University which can only admit an intake of no more than 1,000 undergraduates from abroad for the coming semester.

To solve the problem, the University opened an overseas college of education in April 1995 with a view to expand academic exchange with educational bodies abroad, as well as to teach Chinese culture. The overseas college of education has four departments, namely overseas undergraduate office, Hong Kong, Macau and Taiwan undergraduate office, external education programme office, and foreign Chinese teaching center.

#### Catholic Church Vows To Fight for Human Rights

*HK0106050295 Hong Kong HONGKONG STANDARD in English 1 Jun 95 p 4*

[By Lily Mak]

[FBIS Transcribed Text] The Roman Catholic Church in Hong Kong vowed yesterday to press its fight for social justice and human rights after the territory reverts to Chinese rule in 1997. "Social justice and human rights have never been forgotten by the church," John Tong, secretary-general of the Hong Kong Catholic Diocesan Office, said. "It will remain a major concern after 1997."

Mr Tong made the remark at the release of an interim report on the church in post-1997 Hong Kong, aimed at

#### Beijing University To Set Up Information Center

*HK3105013695 Beijing ZHONGGUO XINWEN SHE in English 1435 GMT 30 May 95*

[FBIS Transcribed Text] Hong Kong, May 30 (CNS) — The Law Faculty of Beijing University will set up a Chinese legal information centre, the only one of its kind outside the mainland, in Hong Kong, which will offer students pursuing Chinese legal studies the most

addressing fears among Catholics about religious liberty after the Chinese takeover.

Government influence on the Catholic Church was possible, but the extent would not be as much as in the past, he said. "It is possible for the Chinese government to exert influence through certain people in the Church," he said. "But I don't think the clock will be turned back to the generation where the state appointed priests directly would happen here again. Time has changed and we have 'one country, two systems'. We believe the previous mode of control will not be applied in Hong Kong again."

According to Mr Tong, there are 400,000 Catholics in Hong Kong. Despite the immense organisation of the Catholic Church and the large number of believers, Mr Tong said he was not worried about infiltration by communist party members. From his own observation of the treatment of the Catholic Church in the mainland since 1979, the level of tolerance for the Catholic community had risen, Mr Tong said. Mr Tong thought that even though there might be a regression in some areas after 1997, new opportunities for evangelism would also emerge.

Lancelot Rodrigues, of the Macao Catholic Centre, said: "It is understandable that people might fear persecution because of news of Catholics being arrested in China.

"But the message we want to get across is that we do not believe Catholics are in danger. After 1997, it will be business as usual."

Mr Tong introduced a report entitled March into the Bright Decade, the first official document issued by local Catholic leaders on the thorny question of the Church's future in Hong Kong. The report addresses local, social and educational issues. A separate chapter looks at the relationship of the diocese with China and the Church in China.

#### Children Reportedly 'Negative' About 1997

HK2705064295 Hong Kong SOUTH CHINA MORNING POST in English 27 May 95 p 3

[By Adela Ma]

[FBIS Transcribed Text] Hong Kong children are negative about the changeover in 1997, if they have a clear understanding of the transition at all. This was evident at a forum organised by the Hong Kong Council of Social Service yesterday where social workers discussed ways to help children face the transition.

Speakers said parents and teachers had failed to prepare young people for the historic moment. "That indicates a lack of communication, which is saddening.

"They're just too pessimistic," legislator Tik Chi-yuen said.

He was responding to a video, viewed during the forum, of a group of children aged 10 to 12 talking about the changeover. Their worries ranged from a worsening education, keener job competition, social disorder and loss of freedom, to complete chaos.

Interviewer Carmen Wong Lai-moy, counsellor at Baptist Oi Kwan Social Service, said she did not give them much time to think about their answers. But it is believed that the children's concerns reflect the worries of adults around them. "They could have easily picked it up from adults or by watching TV," one speaker said.

Children interviewed in Wan Chai yesterday also said they did not welcome Chinese rule mainly because Putonghua was so difficult to learn. Lai Tsz-yik, 10, said he could not be more politically active because he could never understand a word of what Xinhua (New China News Agency) director Zhou Nan said. "I don't like 1997," he said.

Joey Nazir, who turned 13 yesterday, changed his mind a few times before he decided that the change of rule would not be good. "Lots of people got killed in Beijing because of accidents. There'll be lots of accidents here." Joey has been learning Putonghua for one year and still finds it a very difficult language. Hatty Leung Hoi-yeo, 10, said: "There'll be many changes, but not for the better. China's too backwards. I've been there five times and each time nothing has changed."

Mr Tik criticised the school curriculum as lacking input about China and not helping children prepare for the change. Another speaker, Dr Lam Shui-fong, said there were a growing number of families who were migrating. "Those families that return after emigration have children that are uprooted twice." An ironic note was that social workers agreed they themselves were not prepared for 1997.

#### Macao

##### Internet Service Becomes Operational

OW3005142395 Beijing XINHUA in English  
1407 GMT 30 May 95

[FBIS Transcribed Text] Macao, May 30 (XINHUA) — The Macao Telecommunications Company (CTM) launched here today the Internet services, marking a breakthrough of the multimedia technology in the city.

Internet is the largest global computer network linked up with various small computer networks in the world. All types of information and data are made available in

the network including academic information, pictures, news and so on.

With the launch of the CTM Internet, people in Macao who have subscribed the service are allowed to get access to the wide range of information available in the network, just like what has been done by other users all over the world.

The Internet has many functions including electronic mail, file transfer and worldwide web.

It is learned that, at present, there are now over 30 million Internet users worldwide and the number is increasing at an average rate of 15 to 20 percent monthly.

Also today, an agreement was signed between CTM and the Macao computer Association to promote the development of the Internet services in Macao.

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